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## **Politics and democracy in microstates. A comparative analysis of the effects of size on contestation and inclusiveness**

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# CHAPTER ONE

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## *The Microstate-Paradox*

### Introduction

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#### 1. What this Dissertation is About

According to several recent publications, small states or microstates are comparatively more likely to have democratic systems of government than larger states (Diamond and Tsalik 1999; Anckar 2002b; Srebrnik 2004). Based on the data of aggregate indices of democracy such as Freedom House, these large-N quantitative analyses have disclosed a statistically significant negative correlation between population size and democracy. Although a satisfactory explanation of this pattern has not yet been found, the argument that a limited population size fosters good governance, republicanism, and democracy was already formulated by the ancient Greek philosophers, and is therefore one of the most ancient debates in political science. The finding that microstates from around the globe are exceptionally likely to develop and maintain democratic systems of government therefore appears to validate centuries-old theories about the political consequences of size. In addition, not only has the average population size of countries continuously been decreasing since the late 19<sup>th</sup> century (Lake and O'Mahony 2004), but more and more states have initiated programs of decentralization and devolution of powers and competences to smaller, sub-national units. This unmistakable trend towards smaller polities and administrations is buttressed by academic publications that emphasize the virtues and advantages of smallness (cf. Schumacher 1973; Katzenstein 1985; Weldon 2006).

Whereas the argument that 'small is democratic' (Ott 2000) hence now prevails in the literature, there are also studies that point in another direction. Relying less on formal political structures and large-N databases, the available case studies of small state-politics primarily highlight the intense personal rivalries, corruption, patron-client relationships, and social pressure and intimidation that supposedly undergird small state-politics. According to some of these studies the democratic institutions of microstates are largely a façade, beyond which a much harsher and less democratic - if not dictatorial - reality can be identified. In comparison, it is obvious that these case studies are basically

incompatible with the more dominant quantitative literature that was described before. In order to avoid the limited focus on formal structures as well as the idiosyncrasies and lack of generalizability that characterize case studies, this dissertation offers a small-N comparative approach that is based on in-depth analyses of four microstates around the globe. Using Dahl's twin dimensions of contestation and inclusiveness as a framework to conceptualize democracy (1971), on the basis of field research in San Marino, St. Kitts and Nevis, Seychelles, and Palau the image that follows from the case study-literature is largely confirmed. Due to the fact that similar political patterns are identified in microstates that otherwise are as different as possible on virtually all background variables, many of the outcomes of the analysis can be viewed as (generalizable and universally applicable) political effects of size.

## 2. The Exclusion of Microstates in the Broader Academic Literature

In comparative political research, the smallest countries in the world are mostly excluded. Although there are significant differences with regard to the threshold that scholars apply to exclude small states, almost all publications in this field do employ a cut-off point that results in the elimination of microstates.<sup>1</sup> In Samuel Huntington's seminal work *The Third Wave*, for example, all countries with less than one million inhabitants are excluded (1991: 43), and in Arend Lijphart's *Patterns of Democracy* no countries with less than a quarter of a million people are analyzed (1999: 52). Even though the resulting number and proportion of excluded states may be quite high, many scholars do not provide any motivation or justification for their decision to leave out microstates. The academics that do give explanations for excluding small states often rely on somewhat questionable or unconvincing reasons. From a scientific perspective it seems hard to think of any persuasive reasons that would justify the omission of a large group of cases, especially in light of the broadly accepted view that all available observations (or a representative sample of this) should be analyzed in order to avoid selection bias. The generalizability and applicability of comparative political studies to small states can be questioned if no small states are included in these analyses in the first place.

A survey of the most well-known and renowned publications in the field of comparative politics and democracy demonstrates that a variety of reasons

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<sup>1</sup> There are different ideas about what a 'microstate' is. In the second chapter of this dissertation I motivate and defend my decision to apply the term to the (twenty-one) UN-member states with less than 250.000 inhabitants, and in the remainder of the book I refer to this group of states whenever I use the expression.

are applied to exclude microstates. Among the most recurrent and prominent motivations are:

- 1) that microstates represent only a tiny proportion of the world's population (e.g. Moore 1995: 7);
- 2) that microstates are not 'real' or fully independent states (e.g. Vanhanen 1997: 61);
- 3) that other authors in this academic field exclude microstates as well (e.g. Lijphart 1999: 52);
- 4) that there is a structural lack of data on microstates (e.g. Powell 1984: 4).

The first of these arguments alludes to the relative insignificance of microstates, and authors who refer to this reason often also mention the fact that microstates are unknown to the larger public. If the overall aim of comparative political research is however to derive knowledge from the comparison of different political systems, it is not clear why the number of people that a system serves should be a factor of significance. In terms of scientific value, each case, no matter how small, can derive new insights into the workings of politics. As a matter of fact, it could actually be argued that more knowledge can be acquired by studying the systems of contemporarily understudied nations, instead of those that we already know much about.

The second argument can be seen as an attempt to set microstates apart from other states, by denying them the classification as a state. The validity of this argument is dependent on the specific definition of a 'state' that is employed. On this point, microstates however relatively easily meet the most common criteria of statehood;<sup>2</sup> all of them have a certain territory and population, and all (being UN-members) are recognized as sovereign states by other states. According to Tatu Vanhanen, microstates are excluded in his study because "the nature of their political institutions may depend more on foreign support than on domestic factors" (Vanhanen 1997: 61). This hypothesis is however not subjected to any empirical test, and even if it were true the question remains whether this does not also go for many larger states, and why it would be a decisive factor in the first place.

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<sup>2</sup> As they were first codified in the Peace of Westphalia (1648), which is contemporarily still perceived to be the most adequate conceptualization.

The third and fourth arguments are related to each other, in the sense that the application of them actually contributes to the problem that the fourth motivation refers to. In his book, Lijphart for example argues that:

“In comparative analyses of democracy, the smallest and least populous ministates are usually excluded; the cutoff point tends to vary between populations of one million and of a quarter of a million. Here, too, I opted to be inclusive by selecting the lower cutoff point” (Lijphart 1999: 52).

Although the initial reason for selecting any cutoff point is not made explicit in this reasoning, it is likely to result from a lack of data. In similar fashion, the lack of data-argument might elucidate Huntington’s explanation that “[b]ecause of their small size they [microstates, WV] are, unless stated to the contrary, excluded from analyses of third wave countries in this study” (Huntington 1991: 43). Whereas it is true that there is a structural lack of data on microstates, it can be asserted that this is primarily a consequence of the fact that earlier studies and databases excluded these countries, and it appears that this pattern can only be reversed if future studies would decide to pay attention to this group of countries as well.

The exclusion of microstates potentially creates another problem: it can introduce biases in the existing analyses. In global comparative studies that exclude microstates, a regional bias can be identified due to the clustering of microstates in two world regions: the Caribbean and Oceania.<sup>3</sup> In addition however, precisely because so little is known about microstates, it is at present largely unclear to what extent their political systems differ from those of larger states. This may be especially problematic for studies that aim to assess worldwide patterns of democracy and democratization, since the results of these analyses could be distorted as a result of microstate-exclusion. Finally, perhaps the most serious downside of the fact that microstates are so under-researched is the lack of knowledge about the operation of politics on a small scale (at the national level at least). Precisely on this issue, there is however increasing evidence suggesting that microstates are different from larger states, in the sense that they appear significantly more likely to develop and maintain a democratic system of government.

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<sup>3</sup> This bias is reinforced by the fact that these regions *primarily* consist of microstates, with only a few larger states located here.

### 3. Statistics on Democracy in Microstates

As mentioned before, in recent years several publications have highlighted the statistical association between smallness and democracy (e.g. Hadenius 1992: 123-126; Diamond and Tsalik 1999: 117-119; Ott 2000: 115-121; Anckar 2002b: 377; Srebrnik 2004: 330-332).<sup>4</sup> In table 1.1 all UN-member states have been classified according to their population size<sup>5</sup> and Freedom House-ranking of 2011 (Freedom House 2012). Concerning population size, the countries have been grouped into progressively smaller categories, ranging from countries with less than five million inhabitants to countries with less than 100.000 people. In the table, the statistical association between population size and democracy is clearly visible; the smaller the population size category, the greater the proportion of 'free' countries. Whereas less than forty-five percent of all 193 UN-member states can be classified as free, this figure rises to almost sixty percent when only the eighty countries with less than five million people are examined. The scores rise further to over seventy percent for countries with less than one million inhabitants, and to over eighty-five percent for states with populations of less than half a million. Among the very smallest countries in the world, the percentage of free countries is over ninety percent, with only a slight difference between the twenty-one UN-members with less than a quarter of a million inhabitants and the twelve ones that only have less than a hundred thousand people.

In addition to the observation that the number of free countries rises progressively as the population size of a country decreases, the table also demonstrates that the proportion of outright authoritarian states (in the 'not free' category) is extremely small or even nonexistent among the very small states. Less than one quarter of the not free-states (eleven out of forty-eight) has a population size of less than five million, and among the twenty-nine countries with less than half a million inhabitants only one full-blown authoritarian state exists, which is the Sultanate of Brunei. Even though the simple categorization in the table speaks for itself and clearly confirms the existence of a pattern, this is

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<sup>4</sup> It should be emphasized however, that all of these studies (except for Hadenius) use Freedom House-scores as a basis to measure democracy, which is a logical consequence of the fact that this is the only aggregate index of democracy that also takes microstates into account. Well-known alternatives to Freedom House such as the Polity scales and the Economist's Democracy Index exclude countries with less than half a million inhabitants, and are therefore inadequate when it comes to examining the statistical correlation between smallness and democracy. The fact that almost all of the analyses on size and democracy rely on Freedom House-scores is important to underline, since it implies that the validity of these findings largely depends on the accuracy of Freedom House's methodology and scoring mechanisms.

<sup>5</sup> Population size figures have been retrieved from the CIA World Factbook, which has a July 2011-estimate for every country (CIA World Factbook 2011).

substantiated by the chi-square and Spearman's rho-values that have been presented at the bottom of the table. Both statistics demonstrate that the relationship between the two variables is significant at the 0.001-level, with the Spearman's rho-value of 0.31 indicating that there is a moderately strong relationship between the variables, which is positive in the sense that as population size increases, the chance of a less free political system increases as well.<sup>6</sup>

*Table 1.1: Freedom House-Rankings (2011) and the Population Size of Countries*

	<b>Not Free</b>			<b>Partly Free</b>		<b>Free</b>	
	<b>N</b>	<b>N</b>	<b>%</b>	<b>N</b>	<b>%</b>	<b>N</b>	<b>%</b>
All countries	193	48	24.9	59	30.6	86	44.6
< 5 million inhabitants	80	11	13.8	22	27.5	47	58.8
< 1 million inhabitants	40	4	10.0	7	17.5	29	72.5
< 500.000 inhabitants	29	1	3.7	3	10.3	25	86.2
< 250.000 inhabitants	21	-	-	2	9.5	19	90.5
< 100.000 inhabitants	12	-	-	1	8.3	10	91.7
$\chi^2$ 28.600, p = 0.001							
Spearman's rho: 0.31, p < 0.001							

#### 4. Research Question

The statistics presented in table 1.1 confirm the conclusions that have been reached in earlier studies. Whereas microstates are persistently excluded from analyses of comparative democracy, statistics indicate that these countries constitute the most democratic group of states in the world; a situation I would like to refer to as the microstate-paradox. Although it is unquestionably clear that a statistically significant association between population size and Freedom House-scores exists, contemporary research has been surprisingly unsuccessful in finding a satisfactory explanation for this pattern (Srebrnik 2004: 339). Over the lengthy period of time that the scholarly debate about the issue has been going on, many suppositions, assumptions, ideas, and hypotheses with regard to the relationship between size and democracy have been formulated and presented, but so far none of these have been embraced as universally valid. In this light, it should be noted that most of the existing research is quantitative and statistical in nature, and has not progressed much beyond the point of revealing and explicating the statistically significant correlation between the variables.

<sup>6</sup> In the dataset, countries have been classified according to population size category (with value '1' for countries with less than 100.000 inhabitants ranging up to value '6' for countries with more than five million) and according to Freedom House-ranking (with value '1' for 'free' countries and value '3' for 'not free' countries). As the value of the population size category increases, the proportion of 'partly free' and 'not free' countries increases correspondingly; hence the positive relationship between the variables.



Often, the lack of information and knowledge on microstates which results from a lack of (scholarly) attention is cited as a justification for this quantitative bias. As a consequence however, more in-depth, qualitative and comparative analyses of microstate-democracy are exceptionally rare, and the very few that do exist do not examine the very smallest countries in the world.

The current study aims to fill this gap in academic understanding by employing a more comprehensive, qualitative approach to the question of how politics and democracy are affected by a small population size. Specifically, in the present analysis the more quantitative Freedom House-based material and data is left aside, to make room for a more rigorous, in-depth investigation of the practical consequences of smallness for a political system. Whereas the findings of the analysis may shed light on the long-standing question why size and democracy appear to be related, this study recognizes that answers to this question cannot be found as long as the specific political effects of size are insufficiently understood. In order to fully assess the consequences of size for the functioning and performance of democracy, as will be explained in detail in chapter four this latter concept is defined along the lines of Dahl's dimensions of contestation and inclusiveness (1971). As a consequence, the research question that this study aims to address can be formulated as follows:

“What are the consequences of a small population size for the nature of democratic contestation and inclusiveness?”

It is important to underline that the lack of data has compelled earlier studies (e.g. Dahl and Tufte 1973) to address this question from a more theoretical perspective, the present analysis is (one of) the first to make an attempt to find empirical answers, by conducting an in-depth qualitative analysis of four microstates around the globe.

## 5. Scientific and Societal Relevance of the Study

As mentioned above, small states are usually excluded from comparative political research. As a consequence of the lack of academic attention, not much is known about this group of cases, and especially not from a comparative political perspective. The few case studies of individual small states that have emerged in recent decades do shed some light on the political systems of these states, but this information is not extrapolated to the broader notion of the influence of smallness on democracy. In terms of the scientific relevance of this research project, therefore, the inherent value of comparative qualitative research on a

group of relatively unknown and unstudied cases must be emphasized. In this respect, the findings of the analysis can also be compared to the scarce material that already exists on small states (e.g. Freedom House-scores), in order to function as an extra check on the reliability and accuracy of these publications. In addition, the results of the present study could provide extra incentives to other scholars to include microstates in their samples, which would be a development of which the entire field of research on comparative politics and democracy could benefit.

In addition to the importance of examining an unfamiliar group of countries, the apparent proclivity of small states to democratic forms of government is scientifically appealing. Whereas the establishment of democracy in developing countries has been quite a challenge, small states appear to constitute a major exception to this pattern. Moreover, small states also appear to contradict some of the variables that have emerged from the democratization-literature as democracy-stimulating. For example, there is a broad strand of literature with identifies economic development as one of the strongest stimulators of democratic development; an assumption that is also known under the label of modernization theory (cf. Lipset 1959; Przeworski et al. 1996). However, many small, democratic states in the Pacific or Africa are among the least developed countries in the world, yet continue to produce democratically elected governments. In addition, these small states also constitute a falsification of the belief that democracy can only exist in 'Western' settings (Huntington 1996). Smallness thus appears to have the capacity to overcome the otherwise supposedly democracy-undermining aspects of poverty and a non-Western cultural and societal background, and one potential conclusion of the present research may be that smallness should be added to the existing list of democracy-stimulating variables.

From a more societal or practical political point of view, the relevance of the project is to be found in its contribution to the already-existing discussion on decentralization and devolution. In recent years, the notion of subsidiarity and politics-of-scale has gained prominence not only in academia (e.g. Weldon 2006) but also in politics, and the current study could contribute to this discussion by examining how smallness affects the political system at the national level. If it turns out that smallness is found to stimulate the development of a democratic political system with perhaps a higher quality of representation, the study could provide an extra impetus to the arguments in favor of decentralization. In addition, as Diamond and Tsalik (1999) note, for newly democratizing countries the advantages of smallness can be simulated by bringing democracy closer to

the people, as a consequence of which the chances of successful democratization may potentially be enhanced.

By analyzing the political systems of microstates, it may not only be discovered how their smallness has affected the conduct of politics and democracy in these countries, but also how these countries have structured their political systems. In this regard, the democratic microstates may potentially serve as guiding examples for other new democracies. On the other hand, it is possible that negative effects of smallness with concern to democracy or politics in general are identified in the research; particularly if these phenomena can be observed across various and multiple small states. Depending on the nature of these potential shortcomings, the study could also shed light on possible strategies that small states can pursue in order to cope with or circumvent the challenges that they are facing. Since this analysis is in some ways the first comparative, qualitative study of small state-politics, the likelihood that as of yet unknown patterns will be found is relatively high.

## 6. Outline of the Dissertation

The research puzzle outlined in section three is addressed in the following seven chapters of this dissertation. In the second chapter, an historical and chronological overview of the existing literature on the influence of state size on politics and democracy is offered, which ranges from the ancient Greek philosophers to the present. On the basis of this overview, a number of potential effects of smallness may be listed, which can be employed as expectations in the analytical part of the dissertation. The third chapter of the dissertation focuses on the existing literature on small states, paying attention to the major political features that emerge from the relatively rich case study-literature on microstates. Although quite a number of remarkable political features can be extrapolated from the analyses of these small states, the findings of these publications are mostly not connected to the debate on the effects of smallness, which is therefore the principal aim of the third chapter. Chapter four briefly summarizes the main issues and expectations that follow from the two theoretical chapters, after which a theoretical model for the current study is outlined and presented, and a number of expectations are formulated. Additionally, in this chapter extensive attention is paid to methodological issues such as case selection.

In chapters five to eight, the findings of the field research and in-depth analysis of the four cases that have been selected for comparison is presented and discussed. After discussing the influence of size on the political systems of

the Republic of San Marino and the Federation of St. Kitts and Nevis in chapters five and six, attention is paid to those of the Republic of Seychelles and the Republic of Palau in chapters seven and eight. Each of these chapters concludes with an assessment of the influence of size on these countries' political systems and democracy. Chapter nine, finally, is a concluding chapter in which the findings of the four case studies are compared and contrasted, in order to find out on which aspects these countries are politically similar, and where the differences between them can be observed. In addition, in this conclusion some suggestions for future research are offered.

As mentioned before, in the chapters to come it appears that many comparable patterns and findings emerge from the in-depth analyses of the political systems of the four microstates. In all four of them, political contestation is basically driven by interpersonal rivalries rather than ideological and programmatic differences. In addition, to a greater or lesser extent the politics of all four microstates are characterized by the dominant position of the government vis-à-vis other institutions, which can impede on the functioning of the legislature and the political opposition, the judiciary, the media, and the civil service. Regarding inclusiveness and participation, it is found that the closeness between citizens and politicians primarily serves to enhance particularistic tendencies, which is demonstrated by the predominance of patron-client relationships in all four cases. Although electoral participation figures are found to be comparatively high, it also appears that voting behavior and turnout can chiefly be explained by the particularistic considerations that are at the root of them. In summary therefore, it can not only be ascertained that size does have a major impact on the conduct of politics and the specific nature of democracy in microstates, but also that smallness in some ways seems to weaken or undermine rather than to strengthen the development of democracy.