

## Review - The Small Nation Solution

Written by Zbigniew Dumianski

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ZBIGNIEW DUMIENSKI, FEB 4 2014

The Small Nation Solution: How the World's Smallest Nations Can Solve the World's Biggest Problems

By John H. Bodley

AltaMira Press, 2013

*The Small Nation Solution* is an important and highly readable contribution to the growing body of literature on the importance and advantages of small size and scale in the creation of healthy political and economic systems. As such, it echoes the ancient and Enlightenment belief that “[small] size alone, independent of other factors, is a material condition for moral and political virtue” (Livingstone, 2010). The basic premise of Bodley’s book is that all big economic, social, environmental and political problems are the problems of scale. In his view, the main reason why they occur is because:

“we are living with systems that we have allowed to grow so large that they cannot be safely managed by even the best intended elites, whether individual investors, business executives, philanthropists, politicians, or the most skilled technicians” (p. 36).

For Bodley, the most fundamental problem of large scale is the tremendous concentration of power and the consequent erosion of justice, democracy and sustainability. He argues that:

“the real human problem is not how to grow a larger economy. The problem is how to control the most aggressive aggrandizing individuals in our society – those who would promote elite-directed growth in a way that benefits themselves at everyone’s else expense” (pp. 13-14).

As a remedy, Bodley offers a simple, and yet radical solution. He suggests that each nation should be reduced to the “optimum size” (p. vii), of preferably fewer than 10 million people, and that it should adhere to the principles of consensus, subsidiarity and heterogeneity. These principles should be easier to uphold precisely because of the reduction of size and scale. In Bodley’s view, small nations are naturally less likely to become dominated by powerful elites or interests and consequently can offer more equality, respect for the natural environment and human rights.

In order to prove his point, he presents an impressive amount of evidence suggesting that small states or small autonomies outperform larger political units in virtually all aspects of socio-economic development and governance. In addition to using data from numerous international organizations, rankings and studies, Bodley embarks on a journey around the world to present more detailed case studies of particularly successful small nations presenting different models for sustainable development (which he contrasts with mere economic growth). His examples include not only such diverse countries as Norway, Dominica or Bolivia, but also small indigenous nations, such as the Inuit people, that exist within the structures of larger states. In all these examples, he demonstrates that small size of these political or social units was the key determinant of their relative success in the areas of economic-well-being, social justice and care for the environment. Consequently, in the final part of his book, Bodley argues for transforming large nations “into federations of small, more functional and more democratic nations” that would subsequently adopt “some of the crucial social and cultural structures already developed by small nations” (p. 149). According to him, only by doing so could the world hope to create a safe and sustainable system for the generations to come.

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Bodley's argument is both strong and tempting. Yet, at the same time Bodley's work suffers from several limitations. The most obvious issue with *The Small Nation Solution* is that it adopts a very ambiguous definition of what constitutes a small nation. According to Bodley, a small nation is practically any vaguely distinct political or social unit with fewer than 10 million people that occupies a given territory. From this perspective, small nations are not only diminutive states, but also autonomies, regions, special jurisdictions and even tribes. While Bodley sees the flexibility of such an approach as an advantage, it is ultimately problematic. The challenges facing small sovereign states are very different to those experienced by autonomies or special jurisdictions. In the case of the latter, it can be argued that their economic and social well-being, as well as the continuation of their cultural autonomy, is to a large degree a direct result of their special, and often very privileged, status *within* the structures of large states (Baldacchino, 2008; Grydehøj, 2011). Hence, one must remain skeptical about Bodley's praises for smallness when he uses the example of the Channel Islands or the Isle of Man, which are integral parts of the United Kingdom, to prove that small nations spend less on the military, or when he cites China's Hong Kong as a successful, high-income "country" (p. 49). This is not to say that small sovereign states are hopeless or not worthy of a closer examination, but merely to suggest that their population size alone does not seem to justify lumping them together with the Australian Aboriginal Corporations or Basque co-operatives.

Equally problematic is the population threshold selected by Bodley to isolate small nations from other types of socio-political units. Readers are likely to be unconvinced by Bodley's arguments that 10 million is the right limit because ten "is an easy-to-remember round number" and that it is "less than 15 million", which is the preferred number of Bodley's "authority on scale, Leopold Kohr" (pp. 44-45). The issue is not only that a fairly big number of states (not to mention other socio-political units) falls under this threshold or that many of them are in fact hardly examples of good governance or respect for human rights and the environment – a fact that Bodley seems to conveniently ignore. The real puzzle is why a scholar believing that the smaller the scale the greater the virtue would not argue for a far smaller limit to a state's size, more in line with the republican tradition of human scale (Livingstone, 2010). After all, if 10 million is better than 50 million, then are 1 million or 100 thousand not superior to 10 million?

Another problem is that Bodley seems to underestimate the advantages presented by large size in the current geopolitical system. These include greater safety from military invasion, insurance against natural disasters and economic problems affecting particular regions and lower per capita cost of certain public goods and bigger markets (Alesina, 2003). Now, one could persuasively argue that these might be offset by the negative consequences of the concentration of power or that the same benefits could be achieved by peaceful cooperation between numerous small states. The problem is that the current world system is dominated by large and to a significant degree protectionist powers. Being small in such a world is different to being small in the Bodley's ideal world of small, peaceful and democratic nations. While small scale still makes states like Luxembourg, Iceland or Dominica more likely to be democratic, just and respectful of the natural environment, their external environment and the power of the large states often limit their policy options. In many cases, in order to be able to access wider markets, small nations have no choice but to merely emulate the harmful practices of the big, "elite-driven" economies. A serious work on the advantages of small size should not only argue for a world composed exclusively of small nations, but also account for the current problems and constraints faced by diminutive political entities.

This point leads to the final potential limitation of Bodley's work. Throughout his book, Bodley makes a number of good observations about what particular policies and solutions have made small nations more just, democratic and sustainable. One issue seems to be of crucial importance. The success of most, if not all, of the small nations seems to have been determined by the establishment of a regime where the value of at least some of their key natural resources is shared equally among their citizens. From Norway with its state-controlled oil wealth, through Dominica with its universal land ownership to Bolivia with its communal water ownership, small nations analyzed by Bodley demonstrate the importance and benefits of treating the natural environment as part of the commons and not an object of unconditional private property. This is a truly remarkable observation. Interestingly, contrary to what Bodley seems to be suggesting with some satisfaction throughout his book, this is not necessarily an anti-free market approach. At least from the classical liberal perspective, a free market is one without privileges, which include absolute and unconditional private ownership of limited natural resources, and not one without regulations.

The problem is that *The Small Nation Solution* does not seem to show sufficient appreciation of this finding. Instead,

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it chooses to treat this phenomenon merely as one of the numerous potential beneficial outcomes of small scale. Bodley is right when he argues that it is easier to implement and maintain a regime of good and just management of the natural opportunities in small polities or nations. Yet, small size alone does not guarantee such a regime. Often, small communities only *seem* to be better at managing the commons precisely because of their small size. What is more, there are numerous examples of small political communities that can be characterized by either very unsustainable management of their natural resources (e.g. Nauru) or their tremendously unequal distribution (e.g. Equatorial Guinea). At the end of the day, ideas are at least as important as the environment in which one would try to have them implemented. Therefore, perhaps instead of calling the people of large nations to transform their states into smaller units, it could be more fruitful to promote particular ideas and proven solutions using the examples of their success in various small polities or nations. This way, one can hope not only to encourage their implementation in the less successful small political units, but perhaps also to push for their adoption by larger states. After all, while big scale makes a reform more difficult, it does not necessarily make it impossible.

In sum, *The Small Nations Solution* is a highly informative and thought-provoking book. While it suffers from a few limitations, it is nevertheless worthwhile for both those interested in studying small polities and those who look for solutions to some of the world's biggest problems.

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**Zbigniew Dumieniński** is a PhD Candidate in Political Economy at the University of Auckland, New Zealand. He is currently working on his thesis examining the economic development of the Cook Islands and Niue through the lens of the European microstates