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Beyond Beautiful* - Why Citizens are Comparatively Happier, More Prosperous, More Peaceful, More Democratically Engaged and Less Selfish Living in Smaller States

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Beyond Beautiful*

- *Why citizens are comparatively happier, more prosperous, more peaceful, more democratically engaged and less selfish living in Smaller States –*

Half of all sovereign states in the world have a population of less than 6.2m (World Bank, 2014). The mainstream literature in most academic disciplines has chosen, by accident or design, to neglect the unique determinants of small state growth and development (Armstrong & Read, 2003; Read, 2014). These are extraordinary omissions when the collective evidence on the performance of smaller states on a wide range of economic, political, cultural and social indices is considered. Apart from the disproportionate representation that small states enjoy in the World Banks Upper-Middle and High Income categories, many small states also feature in the higher reaches of the World Banks Human Development Indicators (HDI) (Read, 2014). Indeed smaller developed states, particularly northern European ones dominate the top rankings in the more specific development indices such as those in Knowledge economy, peace, contribution to the planet, wellbeing and globalisation. The evidence is suggesting that there is something unique about the growth and development model of the smaller state.

Indeed smaller states possess levels of social capital which positively impact on the quality of governance, allowing for proactive and inclusive policy formulation and execution. Successful small sovereign states have accepted that history and geography is not necessarily destiny as they exploit the strategic flexibility afforded by small size (Breznitz & Zimmerman, 2008; Baldacchino & Bertram, 2009). The inferences drawn from the current body of evidence, particularly the worldwide governance indicators (World Bank, 2014) and the work of Rodrik, 2008; Acemoglu *et al*, 2012 for example is that good governance and institutional quality are important factors driving the smaller states high performance thereby helping the smaller state to compensate for its small size, insularity and peripherality. Other salient factors differentiating between the performance of smaller states (and under-performing larger states) is the greater separation of the governed from the government (Kohr, 1957), the lower levels of exposure in larger states to global economic changes and the opportunity for small states to benefit from 'free riding' on defence spending (Read, 2014). Politicians, policy makers and citizens in larger states, autonomous regions and sub-national jurisdictions should take cognisance of the significance of the data 'hidden in plain view' (Tobin & Dobard, 2011).

Acemoglu, D. & Robinson, J. A., (2012). *Why nations fail: the origins of power, prosperity and poverty* (Vol. 4). New York: Crown Business.

Armstrong, H. W., & Read, R. (2003). The determinants of economic growth in small states. *The Round Table*, 92(368), 99-124.

Baldacchino, G., & Bertram, G. (2009). The beak of the finch: Insights into the economic development of small economies. *The Round Table*, 98(401), 141-160.

Breznitz, D., & Zimmermann, C. (2008). The State as Strategic Manager? *Challenge*, 51(4), 70-88.

Kohr, L. (1957). *The breakdown of nations*. Routledge & Kegan Paul.

Read, R (2014). *Small is not Only Beautiful: Economic Growth, Development, Governance and Wellbeing in Small Economies*. Paper presented at the Workshop on Development & Wellbeing, Richmond University, 6th June, 2014.

Rodrik, D. (2008). *One economics, many recipes: globalization, institutions, and economic growth*. Princeton University Press.

Tobin, J. L., & Dobard, R. G. (2011). *Hidden in plain view: A secret story of quilts and the Underground Railroad*. Anchor

World Bank, (2014). *Development Indicators, Worldwide governance indicators*. Available at: www.worldbank.org

*The title in this proposal is derived from the title of the seminal book by Schumacher (1973).

Schumacher, E. F. (1973). *Small is beautiful: a study of economics as if people mattered*. Blond & Briggs Ltd.

However it is important to record that the term 'Small is Beautiful' is attributed to Leopold Kohr (1909-1994) Schumacher's mentor and friend. <http://www.nytimes.com/1994/02/28/obituaries/dr-leopold-kohr-84-backed-smaller-states.html>