

## A Historical Perspective of Small States in the European Union

### 2.1 INTRODUCTION

This chapter sets out and establishes the main literature on small states in the EU and its decision-making process. It, therefore, examines the role of small state governments in this process without delving into the EU decision-making process, something which is dealt with in detail in Chap. 4. This chapter is divided into seven main sections.

Since the research centers around small states and their governments in EU decision-making, they thus form the basis of the discussion in Sect. 2.2 which serves as a point of departure in the analysis of small state governmental influence in EU legislative processes. Section 2.3 provides a historical and theoretical overview of the development of small state studies which focus on their capacities in an international relations context. This section, in fact, focuses on the literature that reveals how small states maintain certain capacities that make up for size-related burdens. Section 2.4 then reveals that there is not much literature on small state strategies as opposed to their capacities. As being stated in Sect. 2.5, this is truly the case for the smallest states in the EU. Therefore, these last two sections illustrate the point that small state strategies should be focused upon if we are to understand small state influence in EU decision-making processes. Section 2.6 then presents key explanatory factors on small state governmental channels of influence in EU decision-making processes which, as stated in Chap. 1, are revisited

in the methodology chapter (Chap. 5) and empirical chapters (see Chaps. 7 and 8). Finally, Sect. 2.7 provides a conclusion.

## 2.2 DEFINING SMALL STATES IN THE EU

As being stated subsequently when discussing EU decision-making (see Chap. 4), governments are in their own right extremely strong players when compared to other players (such as the Commission and the EP) in EU legislative processes. However, as in all international organizations, the EU (as clarified in Chap. 4, it can neither be defined as an international organization nor as a state) contains an element of heterogeneity in that the member state governments are not all the same. When referring to size, one observes that the EU is made up of large and small states. This factor represents the point of departure for the discussion on small state governmental *capacities* and *strategies* to influence EU decision-making processes.

As widely accepted by the literature on small states, defining them presents a real challenge. This is because a single universal definition does not exist. In fact, the dividing line separating large from small states is extremely ambiguous and unclear (see Magnette and Nicolaidis 2005; Thorhallsson 2006; Thorhallsson and Wivel 2006). If one was to take the early twentieth century as the starting point, this was a time which marked a rise in the number of small states appearing (or re-appearing) on the map. This was mainly attributed to the fall of many regimes and empires such as the Habsburg Empire in 1919, the British and French empires and other European empires as a result of decolonization in the 1950s and 1960s, as well as the Soviet Union in 1991. As a result, a myriad of states emerged that could not be defined as great powers. These states were thus branded small through a simple method of elimination which excluded states that were not great or large powers. As Neumann and Gstöhl (2006: 6) maintain, ‘*small states are defined by what they are not*’. Furthermore, at this time, many small states were being wrongly defined. For instance, micro-states and middle powers were considered small states too.

Here, one must notice the use of the word ‘power’ which, in the nineteenth century, linked this concept with the greatness and size of a state. Put simply, great powers were the large states capable of developing their own foreign policy and exporting it to other countries and regions. Today, this generalization is, indeed, problematic giving way

to misconceptions about power-state discussions. This is because being powerful does not always refer to the larger states, and thus, in the opposite sense, ‘weak’ does not necessarily imply smallness. As Rostoks (2010: 90) maintains, *‘smallness expressed in terms of power becomes very problematic’*. This author observes that even though the concept of power is rooted in neorealist and neoliberalist schools of thought, there are alternative power dimensions that emerge. He maintains that:

the understanding that there may be subtler ways of producing desired outcomes has been growing. (Rostoks 2010)

There are, in fact, various authors who have devoted themselves to the study of decision-making linking power relationships between states with a state’s influence in the EU. Based on the literature on the notion of power (e.g., Lukes 2005; Habeeb 1988—discussed in the next chapter), many of these authors agree that power is no longer a question of military capacity or necessarily of size but rather of the capacity to influence the political agenda. They identify power and persuasion in the EU as being based on a number of factors that enable policy practitioners to take advantage of the multi-actor, multi-level governance system that characterizes the EU (see Jachtenfuchs and Kohler-Koch 1995) and its institutions (see March and Olson 2005). This is, in fact, what interests this research the most. For this reason, such factors are empirically examined revealing that, as Risse (2000) claims, small states use a variety of persuasive strategies and tactics to achieve their goals.

This should, therefore, strengthen a possible hypothesis that ‘weak state’ does not automatically mean ‘small state’ and that certain vulnerabilities related to size could be overturned with the right doses in the capacities held and the strategies employed during EU decision-making.

This leads to a central question: with regard to what and how much are we able to determine that a state is large or small? There is a divergence here to be found in research on small states with authors using absolute numbers in terms of population size, geographic size (a state’s territory), and/or the economic status (mainly the gross domestic product) of a state to determine its size-related category (see Katzenstein 1985; Krasner 1981; Handel 1981; Crowards 2002; Neumann and Gstöhl 2006). Yet, other authors use Council votes under the Qualified Majority Voting (QMV) rule to determine and distinguish small from

large states in the EU (see Panke 2010: 15), even though it is the norm that EU decisions are taken by consensus rather than by voting (Hayes-Renshaw 2006; Wallace 2005: 61). This means that there are various measures and depending on which one is used, a state may vary between large and small states. For instance, as Panke (2010) observes, Finland would be a big state based on its territory, but a small one according to other criteria such as economic and financial standing, and population figures.

Of all these different criteria about differences in state size and because of its common usage, this book uses ‘population size’ as the most relevant indicator of state size in EU decision-making processes. Without reducing the salience of other criteria in this matter, this is because the EU system in general tends to select this criterion as *the* one that is most essential, for instance in allocating Council votes to member states under the system of QMV (a system that before the entry into force of the Treaty of Lisbon was referred to as ‘weighting’; as being clarified in Chap. 4, weighting is no longer used in today’s QMV rule, although member states may still call for its use until 2017). Indeed, QMV rules demonstrate concrete and significant differences between member states in population figures. Put simply, differences in population figures are important and are the subject of immense contentious battles fought between the member state governments whenever an InterGovernmental Conference (IGC) involves a revision of institutional provisions of the EU Treaties (referred to as the Treaty on the Functioning of the EU (TFEU) and Treaty on the EU (TEU) with the entry into force of the Treaty of Lisbon on 1 December 2009).

Therefore, this research tends to agree with Neumann and Gstöhl’s (2006: 6) general definition, that of setting the dividing line between large and small states in the EU at the population size of the Netherlands (at around 16 million inhabitants). As they observe, this leaves ‘*all European countries as being small states except for Russia, Germany, Turkey, France, Great Britain*’ (as indicated in Table 2.1, the UK is still a member of the EU at the time of writing this book, although Brexit will take place shortly), *Italy, Ukraine, Spain, Poland, and Romania*’ (emphasis added in underlined text indicating the EU large member states). In fact, if one was to put aside the seven large EU member states, identified in Table 2.1, the remaining states all fit under the wide category of small states, even though there are clear differences in size existing between them. Within this category, there

**Table 2.1** Classification of European states according to population size (EU member states, EU candidate and potential candidate countries, EFTA states, and other micro-states not affiliated to any regional group)

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- **Large EU states:** Germany; France; the UK<sup>a</sup>; Italy; Spain; Poland; Romania (Turkey is an EU candidate country)
  - What is left is a cluster of **medium–small–micro-states** which are less clear-cut and are generally tagged as small states:
    - 21 EU small states (Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; Greece; Hungary; Ireland; Latvia; Lithuania; Luxembourg; Malta; the Netherlands; Portugal; Slovakia; Slovenia; Sweden)
    - 4 small EU candidate countries (Albania; the former Yugoslav Republic of Macedonia; Montenegro; Serbia)<sup>b</sup>
    - 2 EU potential candidate countries (Bosnia & Herzegovina; Kosovo)
    - 4 EFTA states (Iceland<sup>c</sup>; Liechtenstein<sup>c</sup>; Norway<sup>c</sup>; Switzerland)
    - 4 micro-states neither being members of the EU nor having expressed a wish for EU or EEA/EFTA membership (Andorra; Monaco; San Marino; the Vatican)
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*Source* Table compiled by the author

<sup>a</sup>At the time of writing, the UK is still a member of the EU, although it has already expressed its intentions to leave (Brexit)

<sup>b</sup>Turkey is not listed here, since, although it is also an EU candidate country, it is a large state

<sup>c</sup>Iceland, Liechtenstein, and Norway are also members of the EEA. Prior to March 2015, Iceland was also an EU candidate country, i.e., before its government decided to put its accession negotiations on hold requesting that it should no longer be regarded as a candidate country for EU membership

are medium states (such as the Netherlands, Finland, and Sweden amongst others), small states (Ireland and the Baltic states, amongst others), and extremely small or ‘mini’ states (mainly Luxembourg, Cyprus, and Malta) and micro-states such as San Marino, Monaco, and others (illustrated in Table 2.1). By way of elimination, all these EU states amount to 21 small states. Besides, most current applicant states for EU membership (whether having achieved ‘candidate’ or ‘potential candidate’ status) are small countries (apart from Turkey). However, as aforementioned, a universal definition does not exist, meaning that this number could vary according to different criteria used to determine whether a state is large or small. As Neumann and Gstöhl (2006) point out, such classifications serve simply as a guide. In other words, since the demarcation line between these states is debatable and because a universal definition does not exist, such classifications can only be at best subjective and arbitrary.

### 2.3 A HISTORICAL DEVELOPMENT OF STUDIES ON SMALL STATE CAPACITIES IN INTERNATIONAL RELATIONS

This section illustrates some of the main contributions to the literature on small states and presents differing aspects emerging from them. The reader should bear in mind that there is in fact quite an extensive list of authors coming from different disciplines who have focused their research on small states. As observed by Neumann and Gstöhl (2006: 9), the origins of studies on small states may be traced as far back as the eighteenth and nineteenth centuries, particularly through contributions of mainly German-speaking scholars. Amstrup (1976: 163) gives an example of issues during that epoch attracting the attention of scholars who wrote about small states, such as the discussion about various small German states and their role in the wider issue of possible German unification of that time. However, research on small states can be said to have begun in earnest by the turn of the twentieth century and particularly during the inter-war period, which happened in parallel with the evolution of International Relations (IR) studies. In fact, the study of small states is entrenched with the development of three main strands in IR theory, namely realism (later neorealism); liberalism (neoliberal institutionalism); and social constructivism. Table 2.2 summarizes the evolution of IR theory and the study of small states along a specific timeframe of when these theories were mostly in use.

This evolution broadly reveals that studies about small states began in parallel with developments in IR theory, but later (1990s onwards), most spilled-over to a greater focus on small states in specific settings—such as the EU—and more specifically to the role of small states in EU decision-making processes. In other words, most of today's literature on small states has derived from and moved out of the IR discipline to one that is positioned more within a specific framework such as that of the contemporary EU (partly because theoretical foundations of European integration themselves originate from IR theory).

The first major study on small states in the twentieth century is to be found with the work of Annette Baker Fox (1959), considered by the academic community as a founder and critical player in the history of this sub-field (see Neumann and Gstöhl 2006: 23). Her study entitled, 'The Power of Small States', mainly looks at wartime diplomacy with an emphasis on geopolitical (geostrategic) and diplomatic skills (such as bargaining and persuasion) as important factors for the livelihood of small

**Table 2.2** Background to the development of small state studies in IR theory

<i>Name of the theory</i>	<i>Summary of the theory</i>	<i>Inception period of the theory</i>
1. Realism (neorealism)	This theoretical approach focuses on the ‘relative’ power of states with an emphasis on security issues. During this period, studies on small states mainly focused on how to define such states. Equally important, realist studies on small states also focused on other aspects such as the relevance of neutrality for such states (of a geostrategic nature), their diplomatic skills (bargaining), and small state survival strategies (such as alignment policy) as important features to help such states make up for their size-related vulnerabilities.	1940s–1970s
2. Liberalism (neoliberal institutionalism)	This approach focuses on the ‘absolute’ power of states in terms of gains through mainly economic issues and the relevance of institutions. In contrast to the realist approach above, the size of states was no longer an all important factor. This permitted for studies on small states to focus on economic issues of global interdependence brought about by a gradual eradication of barriers to trade and also, on the importance that international institutions (NATO) and establishments, such as the EU and its Internal Market (IM), held for small states.	1980s–(early) 1990s
3. Social Constructivism	This approach focuses on international norms, values, identity, and ideas. This promoted new literature that focused on the study of small states as norm entrepreneurs capable of being actors themselves in the world stage or in regional integration. This era saw a proliferation of small state studies focusing on the role of small states in EU policy-making.	1990s onwards

*Source* Table based on Table 1.1 in Neumann and Gstöhl (2006: 16)

states existing among larger and generally more powerful states. This work exposes how small and militarily weaker states and their governments withstand pressure from larger states especially during time of international crisis, i.e., World War II (WWII) in her work. Baker Fox sets examples of Switzerland, Ireland, Portugal, and Sweden (besides Spain and Turkey which are not small states but which were militarily weak at the time) that all avoided being drawn into the war. Other studies published later (see Rothstein 1968; Keohane 1969; amongst others) focused on events unwinding in the post-WWII period. They were similarly concerned with the survival of small states but not in time of war. Rather, their main concern was with categorizing, or better, defining small states (or small ‘powers’ as was custom to use at that time) and on the systematic role that small states could have in the world order and in international organizations (see Keohane 1969: 297). They were also concerned with alignment policy, i.e., small states aligning with powers capable of providing them with shelter from external shocks (mainly in the form of security issues). For instance, Neumann and Gstöhl refer to Vital’s ‘The Inequality of States’ (Vital 1967) observing that:

Vital argues that small states acting alone face high (and rising) costs of independence. They have the choice of three broad policies: a passive strategy of renunciation, an active strategy designed to alter the external environment in their favor (e.g., subversion), or a defensive strategy attempting to preserve the status quo (e.g., traditional diplomacy and deterrence). (Neumann and Gstöhl 2006: 24)

This observation, in fact, leads one to the strands of literature (during the late 1970s and early 1980s) focusing on strategies used by small states to make up for certain vulnerabilities, mainly related to size.

Starting with work by Vogel (1983), he establishes a typology of different small state foreign policy strategies such as those used to decrease inter-dependence and high external dependence. For instance, the adoption of selective foreign policies which save small states costs allowing them to exploit the overall lack of resources. This also increases their possibilities for success (since more effort is invested into precise single issues). This theme is similarly found in more recent literature that speaks about the capacity to prioritize, a crucial aspect for small states in the EU’s decision-making process (see Thorhallsson 2000; Panke 2010).



Moreover, other concepts deriving from IR theory are those of neutrality and integration, important concepts for small state strategies on how to deter occupation by foreign forces. In sum, Vogel maintains that small states must pursue certain strategies if they are to minimize the risk of being dependent on foreign aid (even economic aid such as excessive imports due to the scarcity of natural resources in many small states), or better, foreign determination. He observes that small states should, therefore, adopt strategies such as those seeking integration (membership) in international organizations which offer protection from foreign occupation (with ‘safer’ conditions than those imposed by larger and more powerful states).

However, by the mid-1970s, small state literature—in both economic and political respects—began to stress the importance of the physical size of a state in determining a state’s behaviour in international relations. For instance, economics dictated that the size of a state was directly related to its wealth and consequently its power status. The argument would follow this trail—small states generally have a small domestic market with no economies of scale, scarce diversification of their economies, very high costs of production, and dependence on imports due to scarce natural resources. This, therefore, makes small states incur high costs, making them less wealthy and powerful than larger states with larger markets.

However, Handel (1981) argues differently. He maintains that small states are not necessarily the weaker part of the equation. For example, he gives the example of the OPEC group of countries in the Middle East and their embargo imposed on militarily stronger Western states during the oil crisis of the 1970s. Here, he puts forward the argument that these states, although small and militarily weak, were still able to impose themselves on more powerful and larger states due to their economically strong status. Therefore, the point here is that states could be militarily weak (the political domain) but economically strong. As Neumann and Gstöhl (2006: 25) state about Handel, his work finds that ‘weakness’ of states is a continuum and must be examined against a multi-criteria definition of what constitutes a weak state, i.e., population, economy, military power, interests, and, finally (but crucially for this research), influence levels in the international domain.

In another study conducted by East (1973), it was found that conflictive non-verbal behaviour was more of a strategy which small states pursued when compared to their larger counterparts and that, therefore,

economics was more of their natural ally than politics. Importantly, East observed that in contrast to large states, small states would invest more in joint actions as against unilateral ones and in targeting multiple-actor fora in the way they perform foreign policy. This is in order to minimize as much as possible costs deriving from such a policy.

This period (mid-1970s) represented the apex of literature on small states, which, according to Neumann and Gstöhl, occurred at a time when many small states around the world were being decolonized. This was the time when according to IR theory, the neorealist school of thought was leading the theoretical debate, arguing that the physical size of a state and its relative power capabilities determined its behaviour in international relations.

However, the next decade experienced a drop in the interest of the academic world to produce new research on small states. In Kramer's (1993: 257) view, this may be attributed to a decline of theory-driven studies on small states and also the neglect of scholars to consider a changing international environment. As Christmas-Møller (1983: 39) observes, the subject matter suffered from a genuine and 'benign neglect'. During this time neoliberal institutionalism, a new dimension to IR theory started to develop and challenge the previously uncontested neorealist school. One of its biggest contributions was that the concept of state size was no longer as important as previously held. Rather, this theoretical strand promoted absolute gains, economic issues, and international institutions as important categories on which to base the definition of a state. Works by Katzenstein (1985) and Krasner (1981) particularly stand out during this timeframe. For instance, Katzenstein's work entitled, 'Small States in World Markets' (see also Katzenstein 2003) examines how small states manage to respond to pressures of the global market and how such pressures affect the domestic structures of small states.

The 1990s experienced a resurgence in the literature on small states, in part because forces such as globalization and regional integration, with free trade and elimination of borders, were seen to benefit small states. During this decade, there were a number of small states in Europe that were seeking membership of the EU and the North Atlantic Treaty Organization (NATO). This logically redirected the attention of academia to this subject matter. In fact, one may safely attribute the beginning of newer and emerging contemporary literature on small states in the EU to historical events occurring during this particular time

(see Bauwens et al. 1996; Goetschel 1998; Hanf and Soetendorp 1998; Thorhallsson 2000; Gaertner and Reiter 2000). Moreover, a new and separate strand in IR theory, social constructivism, emerged at around this time. This theoretical approach has its focus on norms, identity, and ideas. This also contributed in a renewed interest in the study of small states in certain aspects, such as in their role as norm entrepreneurs in international negotiations (see Björkdahl 2002, 2008; Börzel 2002; Ingebritsen 2002). As Neumann and Gstöhl (2006: 14) observe:

If not only relative power (neorealism) and/or international institutions (neoliberal institutionalism) matter, but also ideational factors (social constructivism), small states may gain new room to maneuver in their foreign policy. (emphasis added in parentheses)

This renewed enthusiasm on the part of the literature has led to modern studies on small states published in the new millennium. Many of these studies have focused on the specific issue of small states and their role in EU decision-making processes. As already pointed out, this is partly due to the fact that the EU is made up of a majority of small states, and that EU decision-making is complex and offers opportunities that small states can potentially exploit. Works by Baldur Thorhallsson (2000), Jeanne Hey (2003), Simone Bunse (2009), Robert Steinmetz and Anders Wivel (2010), and Diana Panke (2010) all deal with small EU state vulnerabilities (listed in Table 2.3) and their influence and behaviour in EU decision-making. The various strands making up the literature on small states have thus agreed with this list of vulnerabilities common among such states.

## 2.4 A CALL FOR MORE FOCUS ON SMALL STATE GOVERNMENTAL STRATEGIES IN THE EU

The notions of power and influence of governments in the EU, which in the case of smaller states are so disparate when compared with their larger counterparts, have not yet been fully explored. Furthermore, it is unfortunate that current literature on small states in the EU appears to be both diverse and fragmented. For instance, as already discussed, there is no agreement on a universal definition for small states, on what similarities one would expect to find in their foreign policies or on how they influence international relations (see Knudsen 2002: 182–185; Archer and Nugent 2002: 2–5; Thorhallsson and Wivel 2006). Besides, there is

**Table 2.3** Most common burdens and vulnerabilities faced by small states in the EU

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1. Small administrative size (big burden to cope with the vastness of the EU's *acquis communautaire* in 'downloading' and 'uploading' processes)
  2. Lack of expertise (e.g., it is more difficult for the smaller EU states to adopt persuasion-based strategies which need to be based on scientific data)
  3. Lack of experience (mainly relevant to newer EU member states when compared to older ones)
  4. Lack of votes for Council voting by QMV (even when voting does not take place, consensus norms in the Council do not prevent formal power formation from being significant (e.g., Panke 2010: 16))
  5. Disadvantage to form coalitions due to small size (e.g., lower weight in Council votes when compared to their larger counterparts signals a real need to form additional coalition partners to win an outcome)
  6. More difficult for smaller EU states to jointly form majorities and/or blocking minorities than for large states
  7. Few financial and economic capacities to offer other states as trade-offs to win policy deals
  8. Effect of 'brain-drain' felt more acutely by smaller administrations (e.g., workers moving from public sector to EU institutions/agencies)
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Source Table compiled by the author

hardly any research which links small states with their behaviour during actual legislative negotiations in EU decision-making processes.

Indeed, small state governmental influence in the shaping and taking of EU decisions has been overlooked by the literature on small states. There is thus a vacuum in the literature on this topic and precisely on these crucial stages of the EU process that precede the adoption of EU legislation.

This is mainly because there is more attention afforded by academic communities to the larger states (see Moravcsik 1998; Hoffmann and Keohane 1991) to the detriment of smaller ones. As observed by emerging literature on this topic (e.g., Panke 2010), there is, indeed, a gap about insights into small states' negotiation behaviour. As she indicates:

We do not have a comprehensive knowledge about which small states are most likely and which are least likely to participate actively in EU negotiations to make their voices heard and under which conditions small states succeed in influencing European policies. (Panke 2010: 11)

Small state behavioural strategies and negotiation tactics can be distinguished and differ from those of their larger counterparts (Thorhallsson 2000). This may be because of size-related disadvantages which small states face. For instance, small states may not be as capable as their larger counterparts to offer persuasion-based strategies (Kassim and Peters 2000: 300; Raik 2002) due in part to their small administrative size and a lack of expertise and resources to lobby effectively the Commission, the Council Presidency, and other delegations involved in the EU legislative process (Radaelli 1995; Young 1999). This situation is even more unsatisfactory when pointing, at the shortfalls, small states may face when trying to launch successful arguments, which, as Panke states, renders effective arguing more difficult (Panke 2010: 17). This is partly because small state representatives have to cope with various issues simultaneously. This reality differs starkly from larger administrations with larger number of experts. However, this can also be attributed to the lack of votes in the Council of the EU (under Qualified Majority Voting (QMV)) which is interpreted as a lack of political clout to put forward convincing arguments to persuade and receive support from other parties to a negotiation.

## 2.5 A CALL FOR MORE FOCUS ON THE SMALLEST EU STATES AND THEIR GOVERNMENTAL STRATEGIES

If literature has not yet really focused on small state behaviour in EU decision-making processes, the situation is even more unsatisfactory for the extremely small or ‘mini’ states which have only been partially covered by works focusing on their role in international relations as opposed to that of the EU (see Duursma 1996). The EU’s smallest states of Luxembourg, Cyprus, and Malta (with Malta being the smallest of the three), particularly the latter two EU member states and their behaviour in attempting to influence EU decision-making processes, have hardly been afforded any form of attention by existing literature.

Cyprus and Malta have a number of features in common. First, they are both Mediterranean and small *island* states with similar interests and face similar challenges in trying to ‘upload’ their preferences into the EU’s legislative process. Consequently, the influence that these two countries hold in EU decision-making processes is often pitched at the same level. However, this does not mean that their level of influence is in

actual fact the same. There are times when their behaviour (in terms of how active the government is to try and influence a legislative outcome) differs considerably during legislative negotiations in Council.

Second, they are both new EU member states which make them different from Luxembourg, a similar state in terms of size and population figures but an 'old' and founding member of the EU. Luxembourg is thus a more experienced state than any of the other two. Furthermore, and as Panke (2010: 5) observes, Luxembourg frequently operates as the institutional memory of the EU. According to her, this can be mainly attributed to the government's policy of maintaining its diplomats in Brussels to serve longer periods than those of other countries. This naturally guarantees that Luxembourg's diplomatic corps has an extremely high level of expertise and continuity in EU matters, something which as discussed empirically in subsequent chapters is crucial for small states.

However, there are also differences between these three mini-states in relation to the size and wealth of their economies. Luxembourg is by far the 'richest' of the three for various reasons, one of which being its capability to attract foreign direct investment (FDI) through tax relaxation (a tax haven) and optimal rates of interest. Whereas the economies of Malta and Cyprus were—before the global economic, financial, and debt crisis—comparable (mainly flourishing maritime and tourist sectors), they now differ starkly from each other. This is because Malta—at least at the time of writing—has not emerged from the crisis as a casualty like Cyprus, which has adversely been hit by the severe recession in Greece and its banking sector and its nearly total dependence on the financial services market with overly large Russian investments in it.

One further difference is that politically, Malta and Luxembourg do not have the same problem that Cyprus has with its territory divided (and 'accepted' by the EU as a consequence of Cyprus's EU accession) between Southern Greek Cypriots and Northern Turkish Cypriots.

With respect to Malta—since this is the small EU member state which is being focused upon by this book—there is no literature which addresses specifically Malta and its influence in EU decision-making processes. There is also no literature which links works by authors on state strategies in EU decision-making processes (see Liefferink and Skou-Andersen 1998; Haverland 2009; Börzel 2002; each dealt with in Chap. 3) with Malta and its influence in such processes. Existing studies on Malta have focused on either its EU pre-accession stage (see Pace 2001, 2004), on the Europeanization process occurring before and after

EU accession (see Harwood 2009, 2014), or on wider issues such as the economic vulnerabilities of a small island state (see Briguglio 1995).

One reason for this paucity of literature is that Malta is a new EU member state, which means that it has only started to participate fully in EU processes as from 1 May 2004 (its date of EU accession). Another reason is that Malta is the smallest EU state (consisting of a population of around 425,384 inhabitants followed by Luxembourg with 550,999 inhabitants), which could, therefore, run the risk of being instinctively perceived as a state having hardly any influence in EU decision-making processes. It may, therefore, be mistakenly perceived as a weak subject on which to test governmental influence in the EU. To the contrary, studying extremely small states and their ways to channel influence in EU decision-making processes could reveal interesting elements and findings. It allows one to shine light on the vagueness and uncertainty which is so easily inferred upon the extremely small EU states, i.e., on whether such states and their governments are, indeed, able to manifest influence in EU decision-making processes and whether they are able to achieve positive outcomes from them. Here, influence is said to be manifest when EU outcomes (in the form of EU legislation) match a small state government's preferences in the decision-shaping and taking stages of EU legislative processes. As Golub (2012) states: *'we know surprisingly little about whether the content of European Union legislation reflects the preferences of some Member States more than others'*. This book aims to clarify such aspects.

## 2.6 ESTABLISHING EXPLANATORY FACTORS FOR A SMALL STATE'S CHANNELS OF INFLUENCE: GOVERNMENTAL CAPACITIES AND STRATEGIES

As observed by Archer and Nugent about the expanse of explanatory factors and hypotheses on small states in the EU:

...there is no shortage of hypotheses to be tested about the small Member States of the EU and their behaviour. (Archer and Nugent 2002: 9)

There are in fact many authors who agree with this point about the existence of various different hypotheses and factors to explain small state influence within the EU. For instance, Arter (2000) utilizes three

variables to explain this phenomenon—in this case, the success of the Finnish Northern Dimension initiative. However, Jakobsen (2009: 81) uses another set of four variables to explain small state influence in the EU—in his case, the Nordic influence on the EU's civilian European Security and Defence Policy (ESDP). Another author, Honkanen (2002), selects six factors in her research on small state influence in NATO, whereas Wallace (2005) adopts seven factors to explain and assess the power and influence of EU member states' in EU governance and negotiation. Panke (2010: 3) develops a variety of possible explanations for small state influence in the EU which include the capacity of a government to issue timely instructions to be adopted during a negotiation; the duration of membership and experience levels acquired; specific and diffuse EU support as an incentive to engage in the EU; the administrative set-up of a government's civil service that could affect the ability to work on EU matters; and differences in political and economic power, amongst others. Likewise, Thorhallsson also maintains that:

the characteristics of the administrations of the smaller states are key factors in explaining how smaller states operate in the decision-making processes.... (Thorhallsson 2006: 221)

Another author, Simone Bunse (2009: 5), focuses on the relevance of the Council Presidency for small states and observes that analysing this EU institutional mechanism represents in itself a key factor explaining governmental influence in the formation of outcomes brokered in Council. For instance, she hypothesizes that studying the Council Presidency could offer an explanation about the equalization of power differences between small and large EU states. Besides, since the Council Presidency is an opportunity to be exploited by every member state government (to shape the EU's agenda and its policy outcomes in line with their national preferences), it thus offers a platform that is significant in the study of governmental influence in EU decision-making processes. Of paramount importance is her hypothesis that the Council Presidency stands as a variable that differs from those on state size (administrative size), since factors such as leadership and the distribution of preferences in the Council are able to render more in the explanation of a Presidency's ability to successfully pursue its national interests.

A review on the range of explanatory factors on this topic could be endless producing a variety of variables offering interesting explanations



about small state influence in the EU. The gist here is that it is impossible to treat all possible explanatory factors existing in this field and apply them to a single piece of work. Therefore, this book selects only those variables which best suit the nature of this research. As with other works, the explanatory variables chosen here have emerged from the literature on small states in the EU. As is stated in Chap. 5, the variables are applied both in a qualitative and quantitative manner in the empirical chapters of the book to validate the central hypothesis that small states are able to influence EU decision-making processes when possessing and injecting the right doses of governmental capacities and strategies in them.

**Table 2.4** Non-exhaustive list of some common explanatory factors identified by the literature on small state governmental influence in the EU

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*Capacities used by a government in EU decision-making processes:*

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1. Quick instructions being drafted and sent to government representatives in Brussels (Thorhallsson 2000; Panke 2010; amongst others)
2. Administrative size and working system such as informality, flexibility in their decision-making systems (at domestic level) and a greater role of Permanent Representations (Thorhallsson 2000)
3. Opportunity to exploit the Council Presidency (Panke 2010; Bunse 2009; amongst others)
4. Expertise (possession of expert knowledge) of civil service (Radaelli 1995; Young 1999; Panke 2010; amongst others)
5. Experience of civil service in relation to duration of member state status (Panke 2010; amongst others)

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*Strategies used by a government in EU decision-making processes:*

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6. Strategies such as forerunner, convincing argumentation and honest-broker coalition building used by a government in the EU policy process (Liefferink and Skou-Andersen 1998; Haverland 2009; Börzel 2002; Panke 2010; Browning (2005); Jakobsen (2009); Björkdahl (2002) (2008), Ulbert and Risse (2005), amongst others)
  7. Capacity to lobby effectively the Commission, Council Presidency, and other EU member state governments (Radaelli 1995; Young 1999; Kassim and Peters 2000; Raik 2002; Thorhallsson 2000; amongst others)
  8. Diplomacy as a tool of statecraft as against military strength (Baker Fox 1959; amongst others)
  9. Economic strength (Panke 2010; amongst others)
  10. Representation (in numbers and level) in the various EU institutions and agencies (Neumann and Gstöhl 2006; amongst others)
- 

*Source* Table compiled by the author

Table 2.4 lists the most widely accepted explanatory variables for a small state's influence in EU decision-making. The variables in the table are divided between government's capacities and strategies in line with the book's framework.

## 2.7 CONCLUSION

This chapter has provided the reader with an understanding of the development of small state literature. As seen, this was depicted in a theoretical setting made up of three main strands of thought—realism (neorealism), liberalism (neoliberal institutionalism), and social constructivism.

Besides the historical and theoretical aspects, this chapter has also reviewed the literature dealing with explanatory factors on small state governmental capacities and strategies to influence EU processes. It has also identified gaps in the literature on small states in relation to their role and behaviour in EU decision-making processes. This chapter has, therefore, introduced the conceptual, theoretical, and methodological elements of the book, the elements which are further explored and clarified in subsequent chapters.

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