

Innovative Development Strategies from Non-Sovereign Island Jurisdictions?  
A Global Review of Economic Policy and Governance Practices

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ABSTRACT

The world's sub-national, island (or mainly island) jurisdictions constitute a timely, valid and valuable category of political and economic analysis. On the basis of a global, largely inductive and discriminant analysis, five economic and four political capacities are suggested as being characteristic of the innovative development strategies practised today by various island 'autonomies'. Extant 'mainland-island relations' can provide insights to other smaller, non-island as well as larger players, beyond the strictures of both economic vulnerability and sovereignty.

KEYWORDS: islands, jurisdiction, development strategies, sub-nationalism, autonomy.

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## INTRODUCTION

“Linked to self-determination, [autonomy] achieves that without the disruption or break up of sovereignty. It defuses political conflict by providing alternative sites of power and patronage. It helps to accommodate sub-national identities, within a national identity, providing a basis for protection of regional cultures and languages. It can lay the foundations for a more pluralistic and democratic order, the development of regional political parties, and a new set of checks and balances. It provides a framework for inter-ethnic bargaining and so converts conflicts into disputes that are susceptible to formal processes. In some ways, it gives political weight to a community which it would not otherwise enjoy... Autonomy is both a way to recognize diversity and to involve all groups in the central state mechanism...[I]t is an extremely flexible instrument, capable of responding to different configurations of ethnic relations” (Ghai, 2002, pp. 44-45).

“Sovereignty rules can be violated in inventive ways” (Krasner, 2001).

The ‘development’ agenda of small island states continues to be gripped by a paradigm of vulnerability, though a recognition of resilience now seems to be sneaking in (e.g. Briguglio & Cordina, 2004; Briguglio & Kisanga, 2004). Such disarming discourse vindicates the concerns of many observers and scholars about the presumed non-viability of small island polities and economies, expressed both before and after the wave of small state sovereignty took off in the 1960s (Cyprus-1960; Samoa-1962; Malta-1964; Maldives-1965), also propelled by the collapse of the West Indies Federation (starting with the independence of Jamaica in 1962). Independence for the small island territory was deemed extravagant or dangerous (Wainhouse, 1966; Guillebaud, 1976; Plischke, 1977; Commonwealth Consultative Group, 1985; Diggins, 1985; Harden, 1985) and, more recently, even a recipe for a ‘failed state’ (Kabutaulaka, 2004) or a ‘security threat’ (OAS, 2002). An ‘aid with dignity’ scenario (*after* Connell, 1988a) has gained ascendancy in the literature, perhaps best represented by the MIRAB acronym – standing for a reactive, sluggish economy totally dependent on four sources of in/direct income: **M**igration, which fuels **R**emittances; and **A**id, which maintains a relatively large **B**ureaucracy (Bertram & Watters, 1985; Bertram, 2006).

Meanwhile, key players in (usually large) federal states debate nervously why and to what extent obvious differences (or asymmetry) in the size, geography, economic wealth, cultural fabric or population of their constituent units (regions, states, provinces) should be translated into asymmetric power, in practice or at law (*e.g.*: in the case of Canada: Milne, 2005; Dunn, 2005; see Anckar, 2003 for very small federal jurisdictions). Treating the constituent members of the same state differently is often heralded as an incentive for spiraling devolution, fuelling secession, catalyzing the eventual implosion of the state. Is not this a main explanation behind the heavy handed measures of states which see themselves thus threatened, like Indonesia, Russia or Spain today, or the USA in the early 1860s (*e.g.*: Anderson, 2004, pp. 101-4)? In any case, any resorts to ‘autonomy’, often by small communities, were looked upon as “... anomalous, annoying or even amusing exceptions” to the sovereignty rule (Stevens, 1977, p. 178).

There is however a different story to tell, although it has not been as well publicized as the previous two. When wealth is defined in GNP or GDP (at PPP) standards, and in spite of how such statistical tools badly serve islands (EurIsles, 2000), a number of small island territories

score exceptionally well. In their analytic critiques, Armstrong *et al.* (1998, p. 644), Easterly and Kraay (2000, p. 2015) and Armstrong & Read (2002) agree that small (and mainly island) jurisdictions actually perform economically *better* than larger (mainly continental) states. Comparative research has shown that, on average, non-sovereign island territories tend to be richer *per capita* than sovereign ones (Poirine, 1998; Bertram, 2004). The island citizens of Aruba, Bermuda, French Polynesia and Iceland have been counted amongst the world's top ten richest people (*The Economist*, 2003). Notably, three of the above four territories are non-sovereign island jurisdictions. Other sub-national island jurisdictions like Åland, Falklands, Jersey and the Isle of Man seem to be doing equally well. Moreover, most such territories partake of some form of stable *asymmetrical federalism* (after Stevens, 1977) with(in) a typically larger state. Is the (unexpectedly above average) economic performance of such territories related to their jurisdictional status?

## PROPOSITION

This paper is suggesting that 'autonomies' need to be recognized as viable politico-economic units in their own right, rather than insignificant relics from a bygone age, or messy examples of territories whose transition to sovereignty is taking longer than most. An autonomy should not, in most cases, be seen naively as a case 'in transit' towards full sovereignty. A comparative 'island studies' approach would identify close to 110 sub-national jurisdictions in the world today – *see annex* - which have a permanent civilian population, most (if not all *de facto*) existing in conditions of asymmetric federalism, and varying in population size from Taiwan (21.5 million) and Puerto Rico (3.6 million) to miniscule Pitcairn which, in spite of its 47 citizens, has been protesting external interference in widely reported child sex abuse trials (*e.g.*: Middleton, 2005). Such an experience of asymmetry can go back many years, to 1204 AD in the case of Jersey (Everard & Holt, 2004). These autonomies may benefit by sharing knowledge, lessons and insights concerning strategies for both international economic competitiveness and dyadic political stability, emerging from what appears to be an idiosyncratic political economy. Perhaps more importantly for a wider audience, extant 'mainland-island relations' can serve as lessons and provide insights to larger and other smaller players, beyond the strictures of both vulnerability and sovereignty. Armstrong *et al.* (1998, pp. 639, 641) and Armstrong & Read (2005, *passim*) advise timely improvements in how 'sovereignty' is measured and caution against the glib and reductionist use of binary (sovereign/non-sovereign) variables. The complex, political and economic dynamics of 'sub-nationalism' (Baldacchino, 2004) make increasing sense in a world where levels of governance are expanding both above (*e.g.* supranational) and below (*e.g.* municipal) the level of the sovereign state. It may be timely for autonomies to be recognized, or to recognize themselves, as possibly significant models in an international system struggling with integrating economies and splitting polities (Drucker, 1986). As Horowitz (1985, p. 619) notes: "[F]ederalism or at least some devolution has conflict-reducing possibilities for many more countries than have so far contemplated it".

The usage of the word *autonomy* continues to further challenge the current, post-Westphalia (1647), dominant configuration of politics as being strictly state-centered. The modern nation-state – as an assemblage of public bodies asserting exclusive authority over a territorially-defined space and its citizens - gradually proliferated over three and a half centuries as the legitimate manifestation of collective human organization (*e.g.* Picciotto, 1997, p. 13); a political structure that has also been exported globally through imperialism. Divergent factions and regional power blocks *within* states were discouraged, but not necessarily obliterated or accommodated, as

politics became centralized. However, and especially in the wake of decolonization, the territoriality over which governance has been assigned and since exercised has not always corresponded neatly to ‘the nation’: meaning the people who see themselves as rightfully and naturally co-governed citizens. As a result of the disequilibrium between statehood and nation, there are ‘nations in waiting’, ‘proto-nations’ or ‘nations without states’ (Bahcheli *et al.*, 2004; Eriksen, 1993, p. 14; Gottlieb, 1994) which have included: “... Kurds, Basques, Armenians, Palestinians, Québécois, Cree Indians, Scots, Welsh, Cornish, Croats, and many others, but ... not Gozitans” (Streeten, 1994, p. 201). These ‘nations’ have been given increasing recognition, mainly via federalist arrangements (Watts, 1999, pp. 6-7), with governments endorsing devolutionary or ‘power-sharing’ strategies: as in Papua New Guinea with respect to Bougainville (2002), or in Indonesia with respect to Aceh (2005); and/or via strengthened regional policy (as in the European Union or the Nordic Council). Some candidates on the Streeten list above have since secured full political independence (Armenia, Croatia); or been granted forms of sub-state self-determination with democratically elected assemblies (Scotland, Wales); or, as I write, appear heading in that direction (Kurdistan) – (*The Economist*, 2005). In the other cases, including Gozo (Bezzina, 2005), as with many other cases (see below), the search for a more appropriate form of self-determination via negotiation goes on. Autonomy need not, however, be sought or granted simply to assuage nationalist sentiments: indeed, more often – in the case of small islands distant from their metropolitan heartlands - it could simply have been a historically pragmatic response to often formidable logistic and administrative challenges (Baldacchino, 2004, p. 80).

Various scholars insist that an empirical justification for the effects of ‘islandness’ is either absent, insignificant, ambivalent or otherwise difficult to test for, especially given severe data constraints (*e.g.* Armstrong *et al.*, 1998, p. 654; Armstrong & Read, 2002, p. 451; Easterly & Kraay, 2000, p. 2025, Note 5; Liou & Ding, 2002). However, the focus on *island* sub-national jurisdictions in this paper is deliberate. Islands represent quintessential platforms for nation-states, since “... as a ‘limited’ sphere, a discrete bounded space that is at once knowable and, because of its consolidated form, readily defensible, the island functioned ... as an ideal embodiment of the state’s relationship to the nation” (Peckham, 2003, p. 503). The finite island geography smoothens the nurturing of a sense of identity that is contiguous with territory (Ankar, 2005; Baldacchino, 2005; Srebrnik, 2004). As if to prove this empirically, of the world’s multitude of populated island territories, *only nine* are shared (*de facto* or *de jure*) by more than one state jurisdiction, and in some of these cases, not without resistance by those who would see them eventually under unitary control: Borneo and Cyprus (currently the only islands in the world to be divided between *three* countries), Cuba (given the US control of Guantánamo Bay), Hispaniola, Ireland, New Guinea, Saint Martin, Tierra del Fuego and Timor (all divided between two countries) (Royle, 2001, pp. 150-1). Moreover, islandness reduces the likelihood of enclaves or exclaves that interfere with territorial demarcation in contested non-island scenarios: Abkhazia, Brussels, East Jerusalem, Euskadi, Gagauzia, Kaliningrad, Kashmir, Kirkuk, South Ossetia and Trans(d)niestria come to mind (Bahcheli *et al.*, 2004). A focus on sub-national island autonomies seems especially appropriate since they are spread across all oceanic basins; are diverse in size, climate, topography and environmental values; and showcase a wide repertoire of economic structure and jurisdictional discretion. The overwhelming majority of contemporary sub-national jurisdictions are archipelagos, single islands, or parts of islands anyway. Nevertheless, an extension of this ‘island’ analysis to include non-island, sub-national jurisdictions should be a promising research pursuit.

## CREATIVE ECONOMIC CAPACITIES

The *a priori* claim that islandness is, in principle, negatively correlated to economic development “...since islands suffer additional disadvantages associated with remoteness/isolation in addition to that of small size” (Armstrong & Read, 2002, p. 447) has been contested of late. Current scholarship appears now more inclined towards treating aspects of topography beyond islandness (such as mountaineity and land-lockedness) as more serious obstacles to development (e.g.: Armstrong & Read, 2005). Armstrong & Read (1998, p. 13) have argued that many micro-states – most of which are island or archipelagic territories - have managed to compensate effectively for their small size by a high quality of “endogenous policy formulation and implementation”. They also contend that “further investigation of the policy stance of successful micro-states, *particularly in the sphere of international political economy*, is likely to be fruitful” (*ibid.*; my emphasis). Earlier, Peter Katzenstein (1985) had made similar remarks about the economic effects of good governance in relation to small corporatist European states. Such insightful observations can be extended to apply equally well to sub-national units.

Most of the current empirical economic literature agrees that sub-national dependencies tend to enjoy higher living standards than independent states (Betermier, 2004, pp. 63-64; Armstrong & Read, 2000, p. 303). Using 1998 GNP data for 108 territories (of which 75 are archipelagoes, islands, or on islands), Armstrong & Read (2003) infer the *negative* impact of sovereignty on *per capita* income. Using a Pacific data-set and ordinary least squares regression, Bertram & Karagedikli (2002) report sub-national jurisdictions enjoying *per capita* incomes (PPP) *ten times greater* than newly independent small states, and without evidence of any regional convergence. Bertram (2004, p. 353) also concludes that, in the Pacific, “... independence did not pay as well as continued political dependence”. Similar conclusions are presented from a Pacific and Caribbean data-set (McElroy & Sanborn, 2005).

The above is consistent with Poirine (1999) and his analysis of how metropolitan powers maintain aid flows in exchange for ‘strategic services’, a relationship which is harder to break in non-sovereign territories. Connell (1994) and McElroy & Mahoney (2000) explain how political affiliation continues to grant substantial economic advantages to small, non-sovereign, typically island territories. These benefits include: free trade with, and export preference from, the parent country; social welfare assistance; ready access to external capital through special tax concessions; availability of external labour markets through migration; aid-financed infrastructure and communications; higher quality health and educational systems; natural disaster relief; provision of costly external defence. Autonomy without sovereignty also does not hinder the development of flourishing tourism economies, and may actually facilitate them because of easier terms of access and security. Most of these special conditions have emerged in the context of a history of a relatively benign colonial relationship – typically one which was dominated by strategic rather than economically exploitative interests. A recognition of the rights of indigenous peoples also acts to spawn such sub-national decision-making capacities.

Girvan (2004) comments on how the processes of national market integration associated with the modern nation state have included measures which mitigated its ‘downsides’: free labour mobility, a welfare system, income redistribution through taxation, environmental protection, redress through national courts. The literature suggests that any drawbacks associated with the economic openness of small states are balanced by a strong and re-distributive state (Cameron, 1978; Garrett, 1998). However, *no* similar measures are available when market integration turns

international, a dynamic which is arguably even more problematic for small open economies. Is sub-national jurisdictional status one viable response to this facet of globalisation?

Island-based and island-biased literature suggests five economic policy areas as being most likely to fall within the remit of self-rule; as being looked upon by many sub-national island authorities/spokespersons as economic policy concerns which they would most prefer to have under local control; and as being critical ingredients in shaping economic prosperity (e.g. Milne, 2000). Contestation over 'who does what' in these economic policy areas has also been typically tense, especially in federal political systems, and may in itself lead to demands for more self-rule, its withdrawal or its renegotiation between the parties concerned. These powers are, *like* the MIRAB quartet, premised on effective governance: however, *unlike* the MIRAB quartet, they depend much more on the proactive nurturing of specific, local, jurisdictional capacities or local powers (Baldacchino, 2006a). They comprise the management of external relations but, unlike MIRAB, this is done "... by means of domestic policies and governing institutions" (Warrington, 1998, p. 101). Each of these selected policy areas is briefly elaborated upon below:

*a) - Powers over finance, mainly banking, insurance and taxation*

"The development of offshore banking illustrates how islands ... have been transformed into spaces apparently far removed from the 'normal' practices associated with state sovereignty and territorial jurisdiction. ... [They also] challenge our state centered conception of property rights and capital accumulation" (Dodds & Royle, 2003, p. 489; *also* Hudson, 1998). Most offshore finance centres are located on small island territories: out of 54 jurisdictions listed on a 'low tax' web-site, half (27) are islands or archipelagos - [www.lowtax.net](http://www.lowtax.net) (Accessed 9<sup>th</sup> July 2005). This is because the latter habitually involve few significant domestic transactions, draw in 'rent' based surpluses from elsewhere and are therefore not unduly troubled by low tax policies (Baldacchino & Fabri, 1999, p. 141; Kakazu, 1994). Hampton & Abbott (1999b, p. 7) argue that locating offshore finance centres on small islands helps to place the industry more closely within government approval and thus increase investor confidence. Smallness and insularity may however precipitate a "capture of the local state" by international financial capital, such as international banks and large accountancy firms (Christensen & Hampton, 1999) as well as not-so respectable operations (Royle, 2001, p. 180). The G7 Task Force's published blacklist of 15 territories where money laundering was allegedly taking place included 10 island locations (G7, 2000). The Isle of Man and the other British Crown dependencies have altered their fiscal policies under pressure from the European Union, in order to conform to the latter's code of conduct on business taxation (Bell, 2002). Successful finance centres in small economies also tend to 'crowd out' pre-existing industries (such as agriculture or small scale manufacturing), leading to increases in the price of property and skilled labour. This is the condition of such island territories as the Channel Islands (Hampton, 1994) and Madeira (Milne, 2000, pp. 17-18).

Baldacchino & Milne (2000, p. 232) consider the power to tax, and tax differently, as critical to economic prosperity. An exceedingly low tax environment – via low corporate taxes and business rates, generous capital allowances, absence of capital gains tax, wealth tax, capital transfer tax, inheritance tax, death or estate duties, along with low personal income tax rates (15-20%), - goes a long way towards attracting both manufacturing and service industries (*ibid.*). Such a clutch of fiscal powers, with the backdrop backing of a large reliable 'patron' state, lies largely at the basis of the success of the Isle of Man (McKercher, 2000) or Labuan in Malaysia (Abbott, 2000).

Locating international (offshore) finance centres, banks and insurance companies on (low/no-tax) islands as enclaves of larger states allows for a reaping of the benefits of the industry while containing the associated costs.

*b) - Powers over environmental policy, particularly natural resources*

The management of specific local resources desired by the central state – oil, gas, mineral deposits, fishing zones, strategic bases, tourism potential, or sheer political loyalty – can, and has been, used as leverage for extracting some degree of policy autonomy. Such cases include: the issue of oil and gas reserves in the discussions over the potential secession of the Faroe Islands from the Danish realm, as well as on the status of the Falkland Islands (because of oil); the granting by Westminster of special tax-raising powers related to North Sea oil/gas to the Shetland Islands; the British Virgin Islands and Bermuda (because of offshore banking) under the British Crown; India's relationship with the Andaman & Nicobar Islands, seen (pre-December 2004 tsunami) as having strong tourism possibilities; the use of Kwajalein Atoll by the U.S. Military within a Compact of Free Association between the Marshall Islands & the USA. The cultivation of political loyalty explains most of Gozo's administrative autonomy within the Maltese state (Bezzina, 2005).

The Canadian Provinces of Alberta, British Columbia, Newfoundland & Labrador and Nova Scotia have successfully negotiated some (and differing) local powers from the central state over critical dimensions of their economy, largely in relation to jurisdiction over oil, gas and other sub-soil resources (Baldacchino & Milne, 2000, p. 234; Cullen, 1990; Dunn, 2005). The same however cannot be said about the management of the Newfoundland fishing stocks (Baldacchino & Milne, 2000, p. 233). North Sea oil and gas has also led to some renegotiation of the power balance between Faroe Islands and Denmark (Olafsson, 2000) and between the Shetland Islands and the United Kingdom (Blackadder, 1998). Svalbard is special with its bilateral treaty provisions over mining access reached between Norway and USSR/Russia. Sakhalin Island, with its priced oil resources, has its own Governor; yet it is not a Russian federal district. Other islands have extended their economic zones over tracts of sea many times larger than their own land mass (Falklands). Still other islands – like Hainan (China), Batam (Indonesia) or Kish (Iran) - have benefited economically by being designated special economic zones (see Chongyi & Goodman, 1997; Royle, 1997 and Ronston, 2005, respectively). What needs to be researched is whether such changes have been accompanied by a measure of power transfer from core to periphery.

Meanwhile, the contribution of islands to cultural, environmental and biological diversity is proportionately much greater than the size of their territories or populations (*e.g.* Young, 1999, p. 253). Islands – excluding the continents of Antarctica and Australia - occupy just 1.9% of the Earth's surface area (Global Shoreline Database, 2005): but 13.1% (106 out of 812) of UNESCO's World Heritage sites (*as at* 16 Sept 2005) are on islands or else are islands *in toto* (UNESCO, 2005). Island World Heritage Sites - like Rapa Nui or Galapagos and its National Park and Marine Resources Reserve – are run differently from the mainland provinces of Chile and Ecuador respectively.

*c) - Powers over access, particularly in relation to air and sea transportation*

Transportation is often a triple problem of choice, time and price for islanders. Generally speaking, islanders know that transportation options and frequencies decrease and verge towards monopoly

provision, transit times increase and prices rise with increasing distance from mainland areas, and with decreasing size of a specific island's population (CPMR, 2002, pp. 25-26). Archipelagic islands compound these issues even further (Hamilton-Jones, 1992; Bayliss-Smith *et al.*, 1988). Difficulties with transportation affect a whole range of issues, including: the viability of a tourism industry, a manufacturing export strategy, absence of economies of scale, as well as limitations to emergency off-island health care (Baldacchino & Milne, 2000, p. 234). Distance means high cost for the transport of goods, services and people, and effectively reduces access to the metropole, even for those overseas areas where residents are citizens of a European mother country (Connell & Aldrich, 1992, p. 33). An analysis of the population history of the Irish Islands suggests a clear relationship between levels of access and population decline (Royle & Scott, 1996). Island transportation is often in the hands of 'governments' (Royle, 2001, p. 113): but which, and at which level, in a federal arrangement? The Åland Islands' development of its own shipping registry and the safeguarding of duty-free transactions on Åland ships flying the Åland flag have been crucial to the territory's economic gainstay (Lindström, 2000). The US Virgin Islands, American Samoa and the Commonwealth of the Northern Marianas are exempted from the protectionist *Merchant Marine Act* of 1920 (commonly known as the Jones Act), which elsewhere in the USA prevents foreign-built ships from docking in US ports. In contrast, Niue's dependence on a weekly Air Nauru service led to a below-capacity operation for its fledgling tourism industry when that service was discontinued for over two years (Milne, 1992, p. 568).

*d) - Powers over free movement of persons*

Sub-national island jurisdictions usually come along with small populations and a small land area. Given that smallness increases the disposition towards all-round volatility (e.g. Dommen, 1980; Easterly & Kraay, 2000), the threats of depopulation or overpopulation loom larger; as do the resulting impacts on labour supply and demand, on housing stock surplus or shortages. Archipelagic island territories must also contend with the additional dynamics of internal migration and urbanization. Acute emigration (and, less often, immigration) are the safety valves readily available in response to all-to-frequent demographic, real estate or employment imbalances. "Overall, it must simply be concluded that the problems of human resource planning are particularly acute in island micro-states" (Connell, 1988a, p. 23). Pitcairn Island is the extreme scenario of a territory risking depopulation (Connell, 1988b).

Many small islanders from sub-national jurisdictions look upon citizenship rights as a double privilege: it is a condition which grants the basis for property ownership and employment on their own island; while providing them with a passport for potential emigration and freedom of access to the territory and labour markets of the metropolitan power. The citizens of the United Kingdom's overseas territories enjoy free access to the U.K., though only since 1999 (a right previously enjoyed only by the citizens of the Falklands and Gibraltar in the wake of the entry into force of the *British Nationality Act* of 1981 which then removed the right of abode in the UK to the citizens of all the UK's 'colonies', as they were then known). The Dutch-passport bearing citizens of the Netherlands Antilles are protesting against the curbing of their right to migrate freely to their European mother country, after the Dutch Government proposed immigration restrictions in 2005 (Caribbean Net News, 2005). The citizens of Puerto Rico and the US Virgin Islands enjoy free access to the USA; and Lisbon granted citizenship rights in Portugal to almost all citizens of Macau before the transfer of that territory to China in 1999. Island autonomies with a special association to New Zealand – Cook Islands, Niue, Tokelau – have had half of their island born population living in New Zealand by the mid-1980s (Bertram & Watters, 1986). Indeed, "unconstrained migration"



to a mother country, typically the former colonial power, is one key benefit of negotiating self-determination without independence for small island territories (Connell, 1988a, p. 12).

But migration policy extends to non-locals too. Concurrently, other island populations have swollen with the influx of foreigners. In the Balearics, 90% of the population increase in recent years has been due to immigration for the purpose of retirement or employment (CPMR, 2002, p. 67). Territories like Åland and Bermuda have adopted immigration policies which favour a stream of limited, wealthy or otherwise selective immigrants. Thus, foreigners in Bermuda are more or less unable to buy land or property, other than houses with an annual rental value in excess of US\$43,800, equivalent to a sale price of around US\$500,000. Currently, only 312 houses qualify (Low Tax: Bermuda, 2005). Prevention of purchase of property by non-Ålanders in Åland is also a safeguard in Finland's Treaty of Accession to the EU in 1995. Both Sabah and Sarawak maintained separate control over immigration when they joined the Malaysian Federation in 1963. Had legislation on the management and ownership of customary land in Bougainville been in place, it may have staved off that island's civil war and the suspension of its provincial government from the mid-1990s (Ghai & Regan, 2000).

Meanwhile, there are downsides: temporary residents (tourists) increase competition for local, scarce resources: many small islands receive annual visitor numbers that are many times the size of the local population (McElroy, 1998). Temporary or permanent visitor influx acts to raise the price of housing, at times beyond the reach of local islanders, causing in turn commodification of finite space and gentrification, issues which can have serious social, economic and political implications (Clark, 2005).

#### *e) Powers over Tourism Policy*

The association between small (especially tropical) islands and tourism is one of the best branding exercises in the history of marketing. The island mystique is a millenary tradition of the West, dating back to such ancient Greek epics as the *Odyssey*, repackaged in Western Europe's voyages of discovery, perpetuated by painters like Paul Gauguin and pioneer anthropologists like Margaret Mead (Baldacchino, 1997, p. 59; Gillis, 2004). The image of islands as 'Eden without apples' lingers on (Pitt, 1970, pp. 1- 3; Conlin & Baum, 1995), now exploited also by the media (in movies like *Cast Away* or TV serial blockbusters like *Survivor*); but not without its costs. Islands are amongst the world's most 'penetrated' tourism locations (McElroy, 2003); large scale hospitality and infrastructure constructions have filled in salt ponds, disfigured shorelines and polluted near-shore waters with sewage (Pearce, 1989); mass tourism has swamped local culture, contributed to domestic inflation, damaged insular ecosystems, while not necessarily leaving much value added to the local economy (Beller *et al.*, 1990; Briguglio *et al.*, 1996; Lanfant *et al.*, 1995; WTO, 2004, 2005).

McElroy (2003, p. 241) suggests that *non-sovereign* island territories may enjoy specific tourism advantages conferred by their political status. These could include geographical proximity to, and ease of travel (no passports, same currency) from, major mother country origin markets; ready access to investment capital and aid-financed transport and communications infrastructure; and special tax and duty free concessions. Apart from such advantages conferred via an association with a larger player, small islands – as well as their larger patrons - recognise the advantage of the specific, autonomous branding of their tourism 'product'. (There is, for example, a St Kitts and Nevis Tourism Board but also a Nevis Tourism Authority.) Moreover,

strategic tourism management is often seen to be a pragmatic solution in the face of daunting logistics, while tourism remains a 'safe' policy domain that does not threaten the authority of the centre.

Tourism is claimed to be a critical economic activity for most islands, whether measured in terms of income generation, employment creation and foreign exchange earnings (e.g. Armstrong *et al.*, 1998, p. 654; Conlin & Baum, 1995; Royle, 2001, pp. 188-209). Still, judging from the amount of imports that the industry obliges (including food, fuel and furniture), the massive leakages from the domestic island economy (when airlines, car rentals, tour operators and hotels are not locally owned), its fickle nature and disposition towards creating many low-skill, underpaid jobs which may also be taken up by expatriates, such a claim merits context-specific substantiation. One should not be surprised to find that 'tourism' has been grafted onto the MIRAB syndrome as a form of economic dependency for islands which *erodes* (rather than *enhances*) local jurisdiction (e.g.: Guthunz & von Krosigk, 1996; Ogden, 1993). A way ahead may lie in small-scale, low-density, comprehensively planned tourism where ironically, an island's challenging location and relative inaccessibility may prove to be key regulatory assets (e.g.: Weaver, 1998; Manning & Dougherty, 1999). Cold-water islands with extreme weather conditions – like the Scandinavian locations of Faroes, Greenland and Svalbard - may be better models for generating greater local value from the industry. Shared jurisdictional powers to make this happen, while avoiding the slide into mass tourism, would be critical capacities (Baldacchino, 2006b).

## CREATIVE POLITICAL CAPACITIES

Most of today's autonomies can no longer be considered as half-baked political entities on the inevitable and irrevocable road to full political sovereignty. The road to independent statehood is no longer pursued with the fervour and nationalism of previous decades. Referenda in Mayotte (1974), the Dutch Antilles (1993 and 1994), Puerto Rico (1993 and again 1998), U.S. Virgin Islands (1993), Bermuda (1993) and, more recently, Bonaire and Saba (2004) have all rejected independence by huge margins (McElroy & De Albuquerque, 1996; BBC Caribbean, 2004). The August 1998 vote in Nevis was exceptional in that it was approved by almost 62% of the voters, although still falling short of the required two-thirds majority (Premdas, 2001). The only small country (actually a half-island) to struggle and obtain full political independence since 1984 was East Timor, in May 2002; while the Pacific States of Belau/Palau, Federated States of Micronesia and the Marshall Islands obtained theirs in the mid-1990s while delegating their defence policy to the USA via a Compact of Free Association. The one island with a strong pro-independence movement up till the 1990s has been New Caledonia/Kanaky. Today, one may add Bermuda, Bougainville, French Polynesia and Corsica, although Corsican separatism is not necessarily independence-driven. Frustration over restricted powers can stimulate the desire for independence (Thorndike, 1989).

The contemporary political map is riddled with cases of inhabited, sub-national, island jurisdictions. Watts (2000, pp. 23-29) identifies "forms of political relations which combine autonomy [read self-rule] and partnership [read shared-rule]" within federal political systems. These include members of federations or unions, associated states and federacies. Other scholars or treaties refer to similar fare as: autonomies; special administrative regions; prefectures; provinces; territories in union or association or enjoying separate status with(in) a larger state;

members of a commonwealth; outposts; territories; or confusingly as ‘states’. The large majority of these are islands, or parts thereof. The indecision on definition is matched by the indecision as to how many such island candidates there are: Baker (1992, pp. 12-13) identifies 39; Royle (1989, p. 108) lists 41; Watts (2000, pp. 23-29) mentions 63; the CIA *World Factbook* also listed 63 territories bearing the status of “dependencies and areas of special sovereignty”, upgrading this figure to 65 in 2005 (CIA, 2005). Including the island members of federations would bring the number of candidates to 113 (*see annex*).

The political capacities associated with such a condition of sub-sovereign jurisdiction are, to be fair, often particular to each case, and fair treatment would require a critical understanding of specific political, historical, cultural and constitutional issues. However, a common pattern suggests itself from the literature, based on four distinct though interrelated conditions:

a) *Jurisdictional clout*

One explanation for the lack of a drive for independence is the existence of an ample dose of existing jurisdictional prerogative. Many small islands, *because* they are islands, naturally enjoy some degree of administrative autonomy. (This same feature supported the transition of some two dozen small islands or archipelagos to sovereign statehood, starting with Iceland, in the period 1944-1984). Furthermore, because they are also small and somewhat isolated, and irrespective of independence, such island jurisdictions usually manage to extract some special advantages, or power niches, from their respective metropole. Those that have refrained from sovereignty typically, jurisdictionally, or constitutionally, enjoy more discretionary powers than any similarly sized or even larger blocs of the “mainland” (Poirine, 1998). Their current status has been described as “the best of all possible worlds” (*e.g.*: Everard & Holt, 2004, p. 188). These island jurisdictions deploy many of the benefits associated with political sovereignty while they are delegating responsibilities to, enjoying the security provided by, and reaping the material benefits of, remaining in association with a larger, and typically richer, *patron*.

b) *Expressions of (Sub-) National Identity*

A second explanation is related to the articulation of national identity. Granted, this is and remains one of the most powerful forces in modern history, and at the root of much civil strife and violence. However, sovereignty and self-determination do not appear to be any longer the obvious trajectories of peoples who see themselves as dispossessed political entities or at the losing end of federalist developments. The articulation of nationalism becomes jurisdictional but not sovereigntist. The assumption of a common people enjoying exclusive jurisdictional rights over a distinct territory – the classic nation-state arrangement – as an ultimate objective looks increasingly passé, redundant, unable to handle issues requiring either more powerful, or more local, organization. Instead, one often finds the expression of an island-based *sub*-nationalism: much like a regional or geographically anchored ethnicity which is however not keen on outright independence, manifesting rather a sympathy in maintaining links with a (typically ex-colonial) patron state, and a sense of pride and identity with their island jurisdiction in the context of having a more powerful but arms-length protector (Baldacchino, 2004). In rarer situations, one comes across ‘infra-nationalism’ (Weiler, 1991, p. 96), which is a political and institutional structure beyond the constitution, a *de facto* island state apparatus existing in a taunting defiance of the main state, with which relations are *not* harmonious: Taiwan, Mindanao, the Mafia in Sicily?

c) *Defending and Promoting the Identity of Minority/ies*

A third driver towards non-sovereign autonomy arrangements relates to the defence of minority rights and the promotion of minority identity. “Appropriate local or autonomous administrations” are recognized by Article 35 of the Copenhagen Declaration on the Human Dimension of the Conference of Security and Cooperation in Europe (the precursor to the OSCE) as one of the possible means for promoting the ethnic, cultural, linguistic and religious identity of certain minorities (Ghai, 2002, p. 33). This driver has found its most obvious expression with regards to the rights of indigenous peoples. Land rights, revenue-sharing arrangements from land-based resources and other forms of autonomy have been negotiated in recent years, others are in the offing, and others still are being contested. This goes for the Aleutian Islanders (Alaska, USA); the Baffin/Ellesmere Islanders and those of Haida Gwaii/ Queen Charlotte Islands (Canada) and the Torres Strait Islanders (Australia). Nunavut is a huge territory (and including many islands, including Baffin, the world’s fifth largest) carved out of the Canadian North in 1999. It is Canada’s largest political unit by area and 82% of its population of some 30,000 is indigenous Inuit (Légaré, 2002). The Akaka Bill, tabled to the US Senate in 2005, is designed to “... provide a process for the recognition by the USA of the native Hawaiian governing entity” (Borrea, 2005). Meanwhile, native islanders of Sakhalin have protested against the expected negative impact of the world’s largest oil and gas pipeline project (*Vladivostok News*, 2005).

d) *Para-Diplomacy*

Fourthly, the devolution of representative power to institutions above or below the nation state has taken on some momentum in recent years. Notable among these is the increasing demand for political power by cities and large urban metropolises in a burgeoning knowledge economy. In Europe, the Committee of the Regions within the EU is one such legitimate advisory body (Christiansen, 1996; Keating, 2004). Such ‘para-diplomacy’ has involved sub-national governments setting up offices in Brussels or in other countries, within and outside the EU. The (ambiguously named) 21-member Overseas Countries & Territories Association (OCTA) is one such active lobby, set up by the Treaty of Rome in 1957 (European Commission, 2005). A component of such devolution finds expression in the flurry of international activity by sub-national ‘authorities’. The Catalan government has been a striking example: part of a wider process of the ongoing transformation of the EU into a structure of multi-level and multi-speed governance, an even more likely scenario following the rejection of the draft EU Constitution by plebiscites in France and the Netherlands. Another is the Canadian Province of Québec, an active (though non-sovereign) member of *La Francophonie*. The Riau Islands form the plank of a Singaporean-Indonesian collaborative effort to kick-start development projects by creating jurisdictional enclaves, bolder than the exclusive economic zones of earlier development strategies (Grundy-Warr *et al.*, 1999). *De facto* states in the international system – like the Turkish Republic of Northern Cyprus or the Tamil controlled parts of Sri Lanka (Tamil Eilam) – press for recognition on the international stage, seeking to bypass other regimes (Bahcheli *et al.*, 2004). Most of the Netherlands Antilles has now broken up, its island constituents preferring direct links with Amsterdam than through Curaçao. Åland has been a member of the Nordic Council since 1954. Anguilla, Montserrat and the British Virgin Islands are associate members of the Organisation of Eastern Caribbean States (OECS, 2005; *see also* Ramos & Rivera, 2001). The Isle of Man, Guernsey and Jersey have been active in signing conventions with other states and international organisations, especially in the fields of finance, the environment and trade

(e.g., OECD, 2004). In the world of island jurisdictions, such para-diplomacy is one of the advantages of autonomy without sovereignty.

## CONCLUSION

Various, typically large, states are finding it convenient to develop a creative use for usually small, far-flung and remote, island jurisdictions within their orbit, facilitating activities that could be anathema on home ground. The rationale is not uni-directional, however: there are also various plausible reasons for small island territories to aspire to an ‘arms’ length’, customized relationship with a larger, benevolent, ‘mainland’ patron. Thus, various sub-national island jurisdictions partake of some form of asymmetrical federalism with(in) a larger state. A recognition of the rights of distinct and indigenous peoples to a level of self-determination also acts to spawn such sub-national, decision-making capacities.

This article has only scanned the surface of the comparative analysis of the creative competitiveness strategies and governance practices of sub-national island jurisdictions. Its goal has been primarily to demonstrate the benefits of such a comparison, and to invite others to take the project forward.

The article’s rather optimistic and over-sanguine tone also calls for some qualification. Autonomy can have its limits. Managing a steady stream of resources from overseas is not always within the grasp of small island polities. The trans-national dynamics of tourism, finance or natural resource demands can foster a new, often neo-colonial dependency (Hampton, 2004; de Kadt, 1979). Jurisdictional power can be, and has been, abused, particularly given the towering role that key individuals play in small polities where role multiplicity (and hence role conflict) is normal, gossip is rife, accusations of nepotism are difficult to avoid and ‘everyone knows everyone else’ (e.g.: Baldacchino, 1997; Crocombe, 1979; Richards, 1982; Singham, 1968). Betermier (2004, p. 64) has suggested that metropolitan powers actively “choose to retain” territories in line with strategic self-interest. The Ilois, island citizens of the British Indian Ocean Territory, have been summarily removed from their homeland when their presence clashed with superpower strategic interests, a situation unchanged in spite of a decision by a London high court (Harwood, 2002; Winchester, 2003; Pilger, 2004). St. Helena should get an international airport by 2010 (SARTMA, 2005), but this initiative has been pending for almost 25 years. To sum up, claiming that islands are: “... too small, too weak, too defenceless to manage in the modern world” (Royle, 2001, p. 158) and merely “places without power” (*ibid.*, p. 57) is a tempting assertion... but, I would protest, an incorrect and sweeping one. The evidence is mixed, power is not unilateral, and a case can certainly be made for the creative solutions to difficult economic challenges that *some* (and not necessarily *all*) non-sovereign island territories have developed, often as a direct outcome of utilizing the resourcefulness that their jurisdictional status and capacities permit.

To echo Lindström (1999), one can today safely speak of a post-sovereign political landscape, where sovereignty is split or divisible. Is it not increasingly relevant to address and acknowledge territories where there is a shared exercise of power (Lindström, 1997, p. 249), and where ‘sub-nationalism’ is not a contradiction-in-terms but a recipe for political stability, a dignifying compromise between separate statehood/secession and a unitary state (Ghai, 2002, p. 31; Baldacchino, 2004)?

The practice of asymmetric federalism merits further analysis and recognition by economists and political scientists (Congleton *et al.*, 1999, p. 2). Islands, with their disposition towards administrative independence, and with their proneness towards unique recognition through the geographical coupling of location and small relative size, predominate as ‘autonomies’ within bilateral, ‘small unit – large unit’ relationships.

In a future world order, as the explosion of governance outwards, downwards and sideways gains momentum, island autonomies may perhaps prove no longer to be the quirks and the exceptions of the system but the rule. They will no longer be seen as anomalies, paradoxes of history (*e.g.* Anderson, 2004) or “inherently problematic” (Aldrich & Connell, 1998, p. 1); but, rather, normalized within an architecture of comfortably overlapping lines of power and authority, parts of a nexus of multiple regional centres of executive capacities (Joenniemi, 1997). Moreover, while the analysis of the category of *small island developing states* (SIDS) still remains driven by vulnerability considerations, an analysis of the category of *sub-national island jurisdictions* (SNIJs) suggests a markedly different set of endowments: when McElroy & Sanborn (2005) compared 16 dependent (*read* SNIJs) and 19 independent (*read* SIDS) from the Caribbean and the Pacific, the difference in the results is statistically significant (to 0.025 or 0.001 levels) on no less than 17 out of 25 distinct socio-economic and demographic variables. This warrants the authors to daringly claim that “the dependents ... have come to represent a new, successful, insular development case” (*ibid.*, p. 11).

The key objective of this article has been to similarly suggest that there is potential in investigating the intricacies of “[d]ecolonizing without disengaging” (Houbert: 1986). Constant’s observation (1992, p. 51) remains valid: “... [T]his strange phenomenon remains little known and is still under-researched ... and it has not yet been adequately theorized”. Analyzing the creative (and in their own way often sustainable) development strategies deployed by, and on, sub-national island jurisdictions could pave the way to such a timely investigation.

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## **Annex: Populated Sub-National Island, or mainly Island, Jurisdictions around the World**

(Inclusion in this [non-exhaustive and dynamic] list is not to be construed as an act of acknowledging the legitimacy or otherwise of any jurisdictional powers, *de jure* or *de facto*.)

1. West Atlantic/ Caribbean: (Anguilla, Aruba, Netherlands Antilles [Bonaire, Curacao, Saba, St Eustatius, Sint Maarten], Barbuda, Bermuda, British Virgin Islands, Cayman Islands, Guadeloupe, Martinique, Montserrat, Nevis, Puerto Rico, San Andres y Providencia, Tobago, Turks & Caicos Islands, US Virgin Islands). (20)
2. South, Central & North-East Atlantic, all related to Britain: (Alderney, Ascension, Falklands, Guernsey, Isle of Man, Jersey, Northern Ireland, Sark, Scotland, Shetland Islands, St. Helena, Tristan da Cunha, Wales). (13)
3. Scandinavia: (Åland, Bornholm, Faeroes, Gotland, Greenland, Hiiumaa, Lofoten, Saaremaa, Svalbard). (9)
4. South Pacific: (Admiralty Islands/Manus, American Samoa, Banaba, Bougainville, Chatham Island, Cocos [Keeling] Islands, Cook Islands, Easter Island/Rapa Nui, French Polynesia, Galapagos, Kosrae, Macquarie Island, New Caledonia, Niue, Norfolk Island, Pitcairn, Pohnpei, Rotuma, Tasmania, Tokelau, Torres Strait Islands, Truk, Wallis and Futuna, Yap). (24)
5. North-West Atlantic: (Baffin Island/Nunavut, Cape Breton Island, Newfoundland & Labrador, Prince Edward Island, St Pierre et Miquelon). (5)
6. Mediterranean and East Atlantic: Territories associated with European Union member/ applicant countries: (Azores, Akrotiri & Dhekelia, Balearics, Canaries, Corsica, Gozo, Madeira, North Cyprus, Sardinia, Sicily). (10)
7. Indian Ocean/ East Africa: (Andaman & Nicobar, Kish, Lakshadweep, Mayotte, Njazidja, Mwali, Nzwani, Pemba, Reunion, Rodrigues, Socotra, Zanzibar). (12)
8. South Asia, East Asia & North Pacific: (Aceh, Aleutians, Guam, Hainan, Hawai'i, Hong Kong, Jeju/Cheju, Kurile Islands, Labuan, Macao, Mindanao, Northern Marianas, Okinawa, Queen Charlotte Islands/Haida Gwaii, Sabah, Sarawak, Sakhalin, South Moluccas, Tamil Eilam, Taiwan) (20)

Total: 113

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