

Island states in a small world:

Is resistance useless?

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Introduction

The theoretical frameworks that operate within contemporary comparative social policy, rest upon a largely unremarked assumption that population size does not matter. Explanations of and predictions for the development of welfare relations in the US (population 304 million) and Sweden (population 9 million) for example, are undertaken because it is the essence of welfare states that is regarded as important, and this 'character' is established through concentration on the politics of class and gender, and occasionally ethnicity. 'Culture' is rarely drawn into these analyses despite its significance in accounting for the ways in which communities treat each other and despite the ways in which sociological and anthropological research problematises the methodological nationalism employed in comparative research. This raises questions for political sociology in a changing global order and suggests that questions of the 'local' have to be more thoroughly engaged with, to better inform predictions of behaviour in the global.

This paper presents some early findings of an analysis of the development of welfare arrangements in three small island states: Cyprus, Iceland and Jersey. It begins with an examination of the role of country size in comparative analysis and goes on to establish the ways in which the general analytical attraction of small states is also present in social policy study. The second section explores both the evolution of welfare provision and the nature of more recent welfare transition in these three contrasting states, and assesses the construction and operationalisation of the social relations of welfare. As a dimension of social analysis, social policy is at the intersection of politics and culture and the third section offers commentary on the extent to which a real and imagined clash of these two aspects can be illuminated through consideration of local social values and the extent to which they are adapted and protected in the face of global pressure. The final section assesses the form of resistance found in these three advanced small island states (SIS) and its potential in the context of the ongoing global economic crisis.

Questions of size in comparative social policy

In explaining welfare state development (e.g. Esping-Andersen, 1990) and welfare reform (e.g. Esping-Andersen, 1996; 1999; Pierson, 2001), contributions from political sociology either ignore or downplay the significance of population size to the processes and outcomes identified. In large part this seems due to both the geopolitical focus on powerful western economies or 'the global', and to the focus on policy processes that are assumed to operate similarly in industrially advanced countries whatever their population size. Thus a comparative interest in the US, Netherlands, Sweden, Germany and so on can be sustained on the

basis that it is the political make-up of actors, coalitions and governments, their ideological essence, that is important, not the size of their constituencies. Political science has been less inclined to ignore size as a factor than comparative welfare state research because quantitative factors are clearly implicated in its interest in such things as voting patterns, the distribution of political power and the passage of legislation. Where analysts' interests are located in such things as the scope and distribution of pension provision the question of size may well seem less relevant: principles (less eligibility, solidarity, egalitarianism and so on) are the same regardless of to how many people they apply, and expenditure is proportionate to revenues making differences between actual figures theoretically unimportant¹. On the surface then, the lack of a 'size matters' approach to complement those of 'politics matters', 'history matters' and 'institutions matter' used in comparative social policy study is unremarkable. However, in exploring the significance of population size within other international relations and political economy analyses, it is clear that although not explicitly recognised in welfare state comparison, many of the insights and research avenues pursued are drawn from the study of small states. In particular, Peter Katzenstein's work (1985; see also 2003) has generated not only important observations in relation to industrial relations and the wider study of politics (Iverson, 2001) but ideas that clearly informed Esping-Andersen's *Three Worlds*, and although not included in his integration of typologies of production and welfare regimes, is noted in Schröder (2009).

Katzenstein's (1985) work on small states stemmed from an interest in explaining why, during the 1980s, standards of living were higher in the smallest European states (Austria, Belgium, Denmark, the Netherlands, Norway, Sweden, and Switzerland) than they were in the more 'successful' US. Thus his concern was to explain how these small states managed to simultaneously maintain 'political stability and economic flexibility' (1985 p9 and p191). In essence, Katzenstein suggests that in order to remain competitive and weather international storms which would otherwise affect them disproportionately because of the openness of their economies, small states operate their own form of protectionism through welfare expansion, which supports domestic markets including the labour market. The success of this strategy according to Katzenstein is explained by the democratic corporatism that characterises political structures in all the small states, the origins of which lie in the economic and political crisis of the 1930s and 1940s, and the presence of proportional representation. This latter maximises winners and minimises disappointment, generating high levels of trust in political institutions (Katzenstein, 2003). Why they should choose 'social' protectionism is explained via historical study of leftist power: the strength of

¹ A notable exception to the absence of size in welfare state research has been the work of Pekka Kosonen, and especially as part of an EU funded project comparing welfare state change in small and large countries (see for example Kosonen, 2003).

feudalism, patterns of rural industrialisation, with which groups farmers allied and so on.

Although *Small States in World Markets* has its critics (see for example Iverson, 2001 and Katzenstein, 2003), it is the main themes of Katzenstein's study which have renewed resonance in the current economic climate. His suggestion was that in the context of adjustment to the economic challenges of the 1980s, big states can learn from small ones, and that cutting 'social fat...to stop the atrophy of economic muscle' (1985 p20) is not the only road to competitiveness. Katzenstein's approach is one where history matters in the sense that Pierson (2004) has since argued that it does. In considering the 'longue durée', there are two key themes that are developed in this paper. Firstly the question of 'vulnerability', and secondly, the question of 'adaptability'. Both of these are central to the analysis of welfare and social policy in the current climate. However, this paper also seeks to draw greater attention to the less clearly theorised element of political economy, the role of culture in influencing paths chosen and here, small states' 'ideological preference for unity'².

Vulnerability and the analytical attraction of small island states

This section begins by briefly mapping analysis of small island states and some comments on what can and cannot be inferred, established or predicted through their study. In terms of their main attraction, islands, are alluring as ready-made 'laboratories' and have been studied as such in the natural sciences, most notably by Darwin. In the social sciences, although economists have been interested in the potential and actual success of SIS in the world economy, particularly in the post-colonial period (see Prasad, 2007 for a summary), it has been anthropologists who have pioneered the study of islands as what Pitt (1980) describes as 'social facts' rather than physical concepts. Much of current knowledge and understanding of SIS has, in fact, emerged from development studies infused with some anthropological insight and economic theory. Alongside the more romantic and exotic notions of island life, the features that have been of interest to both natural and social scientists are insularity, homogeneity and isolation and what analyses of these can tell us about wider processes of development. In terms of current interest in small island fortunes, Baldacchino (2004, p237) observes that the political alliances of small islands both at UN and EU³ level bear witness to the need for overdue academic recognition of SIS significance on the world stage, and not least for cross-national island learning. In terms of numbers, island states represent 64 per cent of all sovereign states with populations under 1.5 million.

² This paraphrases Katzenstein's words – see note 4

³ 'the Alliance of Small and Island States at the United Nations (AOSIS); or the island regions in the European Union following the Treaty of Amsterdam' (Baldacchino, 2004, p327)

In social science there has also been some questioning of the 'distinctiveness' of SIS in comparison to small states more generally. Selwyn (1980) argues that to make such a distinction panders to the inappropriate status of spectacle ascribed to SIS and that peripherality is more important as an explanatory factor in politics and economics than 'islandness', while Read (2004, p369) suggests that SIS are more usefully studied as 'a discrete subset of small states in general'. Undoubtedly, the significance of 'islandness' depends on what aspects of the human condition are of interest, and it is argued here that contrary to Selwyn's view that 'neither social structures nor social trends can usefully be discussed in this context' (1980, p950), that in terms of social policy analysis, islandness does matter. This is because one feature of small states' responses to their vulnerability is what Katzenstein (2003) argues is the drive to consensus, or the 'ideology of social partnership', and Kosonen (2003) refers to as their emphasis on 'national cohesion' which, in the Scandinavian small states at least, is achieved through social provision. Islandness adds extra dimensions to questions of cohesion because in the advanced European context at least, islands combine geopolitical significance (and are thus sites of potential and actual conflict) with smallness.

As with the 'large' small states, the impetus for national cohesionist strategies in SIS is global competitiveness and their vulnerability in the world market. With a focus on advanced SIS it has to be recognised that small size does not equal powerlessness and the assumption of small state weakness is problematic. Katzenstein calls this 'a traditional paradox in international relations concerning the strength of the weak' (1985, p21). Vulnerability is very much context specific in that not only can small states manipulate the global situation (Prasad, 2007) but vulnerability can be used as a tool to negotiate preferential economic and political terms for example in subsidies and aid packages, military protection and trade agreements. This survivalist strategy requires the policy flexibility admired by Katzenstein and others. In the past it tended to direct SIS into more individualist protectionist policies with often strong bi-lateral and post-colonial ties. Srebrnik (2004) argues that this gave way to less dependent relationships, but for advanced SIS the shape of the contemporary global market in the latter half of the 2000s has more recently required a rethink in terms of regional interests. The economic vulnerability (and strength) of small states reflected in the openness of their economies is somewhat trumped by the kind of vulnerabilities associated with SIS where domestic production is acutely specialised, import reliance greatest and growth is dependent on a service sector - and ideally one which is not labour intensive. As Read (2004) points out therefore, wealth does not necessarily bring security and it is human capital which forms a key part of SIS comparative advantage. From a world-systems perspective advanced SIS are also problematic, existing somewhere in the semi-periphery but often as mice that can roar.

Culture, politics and welfare: too complex an interrelation⁴?

Important work detailing theoretical and empirical contributions to the understanding of welfare state development and change tends to focus on economic and political dimensions and leave discussion of cultural dimensions to the conclusions (if discussed at all), where it is noted that they hold high significance but have not been adequately captured in the preceding analysis or study (see for example Katzenstein, 1985 p206; Schröder, 2009, p32). Thus Schröder suggests it is necessary to refer to the 'broader social system' to perhaps identify a 'hegemonic belief system' that explains the covariance of production and welfare regimes, while Katzenstein's concluding discussion refers to some 'audaciously commonsensical' notions relating to national culture which might explain the inability of the US to learn from small states. Prior to this we can trace some explanation for how national welfare cultures⁵ come to be, in the historical account of the geographical distribution of feudalism, the strength of which broadly aligns with subsequent strength of class divisions and later, liberalism (Katzenstein, 1985). Of course the role of religion in determining the rules for how we treat each other in times of need cannot be underestimated and is captured to some extent in early typologies (Esping-Andersen 1990, Siaroff, 1994) and more recent studies (van Kersbergen and Manow, 2009; Djupe and Gilbert 2009). However, since religion is not nationally bounded other factors must also constitute welfare culture.

Although in the UK, Social Policy study has struggled in 'coming to terms with culture' (Clarke 1999), Pfau-Effinger (2005, p7) is right that 'welfare state policy has a special mutual relationship with the cultural dimension' as well as the more familiar quantitative, institutional and actor elements of comparative analysis. In the comparative context, where its recognition has been greatest⁶, culture is generally measured and analysed with recourse to public opinion surveys (see van Oorschot *et al.*, 2008) rather than qualitative methods (although see Chamberlayne *et al.*, 2002). The analysis of discourse more widely undertaken in political science has accepted culture as the third 'new institutionalism' (see Hall and Taylor, 1996) if not fully embraced an interpretivist turn (Fischer, 2003). However, culture is not necessarily seen as a positive force in policy development, Pierson (2004, p40) for example cites Wendt's view that 'social

⁴ This sub-heading refers to Pfau-Effinger's (2005) work which develops a complex schema for studying the relationship between social policy and culture

⁵ this term is broadly used here to describe values, practices and experiences in relation to, for example the redistribution of resources via public and voluntary social provision, the moral acceptability of unemployment and so on – the principles of welfare which underpin national systems and are stated more broadly in welfare regime typologies rather than views on the welfare state itself.

⁶ Clearly comparative analysis has to account for culture even if just as an aspect of methodological limitation, where for example meaning shapes problems of nomenclature and administrative definitions and data availability.

systems' can become 'locked in' by culture leading to social inertia and a basis for path dependent development. Inertia does not seem to be a feature of policy in small states however and this may be because patterns of discourse are also different. Schmidt (2003) argues that part of the explanation for the varying fortunes of small states from the 1970s is ways in which change was presented to the public via political discourse, whether its effects were perceived as being borne equally, whether it was regarded as 'violating' traditional values or reinforcing them, and whether it played to small states' sensibilities regarding 'economic vulnerability'. While the ways in which political messages are sent are no doubt influential, the public in Schmidt's account appear easily persuaded by whichever group happens to fill the space of communicative discourse and this seems to render the manipulation of ideas more culturally significant than the ways that values are embedded and preserved. Recognition of the importance of policy discourse nevertheless combats the absence of 'context' in political science. As anthropological study continues to demonstrate, the more local the context the more significant culture becomes and in the case of SIS it is the contextual factors that are brought to the fore since geography is used as an independent variable.

Culture and small islands

It is suggested that small island societies exhibit a number of cultural characteristics that correspond to their geopolitical position and experience. Some of the social characteristics attributed to SIS are central to the analysis of operation of welfare. These include levels of socio-political tolerance, as well as unity⁷ which is intensified by remoteness (Dommen, 1980). The study of the relationship between size and democracy confirms that the small state was believed to deliver many of the objectives with which social policy is concerned: equality, friendliness, dedication to the common good and peace for example (Srebrnik, 2004). In explanation of their exceptional strength of democratic values, a number of studies have pointed to SIS lack of involvement in external conflict, but Ott's (2000) study suggests that small size enables more direct political participation and more cooperative political relationships. This tallies with views from other small state research where it is suggested that in small states 'politics are friendlier' (Dommen, 1980, p931, see also Schmidt, 2003 and Furlong, 2009 for an example of this in practice in Iceland).

In terms of using SIS as case studies of welfare development and change, there are a number of cultural dimensions and ascriptions that need to be borne in mind. The idea that policy-making is more flexible because there are 'shorter distances and deeper links between economic agents' (Read, 2004, 370) for

⁷ See also Katzenstein (1985, chapter 4 and especially p170) on small European states for discussion of 'the ideological preference of these countries for unity despite deep social divisions'.

example links to the accessibility of political structures, the expression of social responsibility and strength of social bonds. This raises questions such as whether the more socially proximate people are the less likely it is that processes of othering will inform policy, whether the 'vibrant civil societies' attributed to SIS (Srebrnik, 2004) and the concomitant social capital maintain national cohesion and lead to better welfare outcomes. Cross-national comparison is necessary because national cohesion in small states has been sought in different ways, and often in juxtaposition to powerful neighbours in patterns of dependence (Kosonen, 2003). Finally, study of SIS also talks to 'the importance of considering the differential cultural *interpretations* of the modern global circumstance' (Robertson and Lechner, 1985, p110), and while it is unlikely that SIS will foment a new vision for the global order they are the places where it is most likely that adaptive rather than wholesale interpretation can be found. This is because coalition politics means that new ideas have to be very much more within the electorate's interest. The question to be addressed then is the extent to which expressions of social partnership; unity and resistance as a response to vulnerability are played out in varying welfare relations in ways that are linked to size and 'islandness'.

Welfare change and variation in Cyprus, Iceland and Jersey

This section provides a summary of the development of welfare provision in the three SIS and makes some preliminary comments on the social relations of welfare, the place of key values in welfare arrangements and the nature of more recent welfare transition, where the layering of the values associated with global competitiveness and the marketisation of the social has taken place upon the existing contours of close-knit, homogenous societies.

Cyprus: social welfare at the crossroads

Cyprus occupies 'crossroads' in senses other than its geographical position between countries of Europe, Africa and the Middle East. As an ex British colony which gained independence in 1960 following numerous historical invasions, and with both Greek and Turkish traditions, Cyprus has influences beyond those attributed to other Mediterranean welfare states. The island was still considered a 'developing country' in the mid 1970s, but one where feudalism and Catholicism had been introduced in the twelfth century only to be abolished by the Turkish occupiers of the sixteenth century (Pantelli, 2005). Formal social welfare provision was first introduced in Cyprus in the inter-war period but was less enlightened than even the British residualist model from which it drew. In the decade following the second world war, key factors for welfare state development included the establishment of the British welfare state and the growth and action of the Cypriot Trade Union and Left movement combined with the aspirations of demobilised Cypriots, and with Bismarckian logic, Britain's desire to mollify

political agitation for union with Greece. Farmers were never a political force in Cyprus as urbanisation began before the rural peasantry was able to organise itself separately from the Communist Party⁸. It is interesting then that in politics Cyprus presents a case of left popularity combined with what Triseliotis (1977, p143) describes as 'apathetic communities' in terms of struggles for welfare. Following independence Cyprus has experienced disproportionate alternative struggles that revolve around its geopolitical significance in the middle of the east-west oil-shipping lanes, its perception as a Mediterranean 'Cuba'⁹ and its partition following the Turkish invasion in 1974.

Contrary to the findings on small states, politics have been far from friendly in Cyprus. In the 1950s, conflict between right and left in both Greek and Turkish communities, particularly in approach to anti-colonialism and union with Greece seriously hampered the capacity of AKEL¹⁰ to focus on seeking social rights. In the early 1950s Cyprus set up a social welfare department which Triseliotis declares 'imaginative and advanced for its kind' (1977, p23) but over the subsequent two decades patterns of social development reflect the post-colonial dependency and aid relationships which have stunted state welfare in most developing countries. Triseliotis (1977) concludes that social policy in Cyprus emerged from the set menu offered by international consultants rather than via any à la carte options democratically chosen. Health care followed a residual and means-tested route combined with status-related concessions, the middle class opted out of state education wherever possible and municipal housing schemes were transcended by state policies to create 'owner rented housing'¹¹ and private land speculation. The 1952 Skettos Report paved the way for a public assistance programme introduced in 1953 which represents an unusual hybrid of discretionary payments based on less eligibility, household means and the existence of liable relatives but tempered by a non-stigmatising social casework approach to those in need, reminiscent of the approaches to social work found in continental countries. Viewed alongside the family orientation¹² of other elements of the insurance system, there is indication of both the British influence but also Cypriot cultural values around self-sufficiency and kinship obligations. Public assistance was not rights-based in its early formulation and it was the 1957 social insurance scheme and subsequent amendments that provided security for unemployment, retirement, sickness and industrial accident, maternity, death,

⁸ The Communist Party of Cyprus (CPC)

⁹ This has probably been mostly a concern of US foreign policy, particularly at the height of the cold war. The US is widely regarded as having a significant role either through action (3C Initiative, 1997) or inaction (Pantelli, 2005) in the attempted coup against Archbishop Makarios and subsequent Turkish invasion in 1974.

¹⁰ The Progressive Party for the Working People, founded in 1941 and merged with the then illegal CPC in 1944.

¹¹ In 2001 68.4 per cent of households were owner occupied (MLSI/EC, 2003)

¹² A marriage grant (607 Euros in 2008), inclusion of both siblings and parents in the definition of dependents and a mother's allowance for example.

and paid holiday. Following the Turkish invasion in 1974 the system was put under heavy strain as '1/3 of the Greek population became completely dependent on state aid' (Pantelli, 2005, p265) but Cyprus rapidly recovered its economy and acceded to the EU in 2004. Spending on public assistance rose from 0.4 per cent of GDP in 1992 to 1.4 per cent in 2001, much of this accounted for by rises in the numbers of awards on the basis of old age and illness and disability (MLSI/EC, 2003). The current insurance scheme, in operation since 1980 combines the flat rate contributions and benefits provisions of the original scheme with an earnings-related tier of benefits. Table 1 below gives an illustration of the scope of unemployment benefit.

Table 1. Key features of Unemployment Benefit

Replacement Rate of basic benefit	60% of average weekly earnings (up to 100% with 3+ dependents)
Replacement Rate of supplementary benefit	50% of insurable earnings in excess of lower limit up to max 2 x insurable earnings
Waiting period	3 days
Period of receipt	156 working days
Claimant contact	Monthly

Despite the social and economic costs of the Turkish invasion Cyprus ranks 28th in the Human Development Index for 2005, with life expectancy which has risen from 66.2 in 1960 to 70 in 2005. It has also rapidly urbanised with the urban population representing 47.3 per cent in 1975 and projected to be 71.5 by 2015 (UNDP, 2008). The government's social aims quoted from a 1972 submission to a European conference including 'the equitable distribution of national wealth' (Triseliotis 1977, p28) have retained a strong social welfare component as Pantelli (2005 p272) states 'the ultimate national economic goal remains the improvement of the quality of life and the welfare of the population'.

Iceland: Land of fire, ice and policy inconsonance

Despite its association with the Nordic family of nations, propinquity to social democratic welfare regimes has not determined social policy development in Iceland. Iceland's '1100 years' include a rich and unique medieval political history, but it was a late European industrialiser and following independence from Denmark in 1944 its economy was relatively closed until the 1960s. With a change of foreign economic policy in 1960 and improved relationships with western Europe (Palmarsdottir, 1991), Iceland developed rapidly from a small, poor, agrarian ex-colony to a flourishing maritime economy ranked top in the UNDP Human Development Index in 2005. While high scores on quality of life indices suggest that welfare outcomes are positive, it is clear that this achievement is due to the advantages of social cohesion (see Baumer *et al.* (2002) and Pálsson and Durrenberger (1996) for qualifications to this view) and full employment, rather than the redistributive activities of the state. There is what

Halfdanarson (cited in Thorhallsson, 2002, p355) calls an 'imagined political unity' in Iceland which echoes its medieval politics and imbues political discourse with both collectivist sentiments and a nationalist idea that Iceland's good society hinges on its sovereignty which is thus the ultimate goal of government.

Historical and gender analyses provide convincing political explanations of Iceland's lack of conformity to the principles and goals of social democratic social policy (Jonsson, 2001; Olafsson, 1993; 2001; 2005; Sjaroff, 1994; Sveinsson, 1996). The strength of left parties at strategic points in 1930s and 1940s ensured that social and health insurance was established and that solidarity was embedded in the systems created. Nevertheless, the nature of the coalition dependent political system dominated by the centre-right Independence Party, combined with Iceland's affinity towards other 'settler' states (particularly New Zealand) has produced a welfare state characterised by a fragile universalism which has been continuously undermined by the expansion of means-testing and decreasing value of social security benefits. Thus public spending has remained very low in comparison to Scandinavian countries and the maintenance of work incentives has never been seriously questioned. It is not surprising then that Iceland has the highest labour market participation rate amongst OECD countries (exceptionally high for those aged over 65), and was also counted among those with the lowest levels of long-term unemployment (until 2008). Although included in the foundational 1947 social security legislation, unemployment insurance only became operationalised following a general strike in 1955 (Jonsson, 2001) and it is the architecture of the pensions system, its increasing selectivism and privatization, and the consequences for social inequality (Olafsson, 2003) which epitomise the Icelandic welfare model.

Illustrative examples of Iceland's individuality in policy responses can be found in some of the detail of the reforms mentioned above, inconsonant extensions to unemployment benefit entitlements in 1989 and 1993 and restriction of means-testing in family benefits in 2001, and more intriguingly in the direction of housing policy in the 1980s. Iceland's housing system is unique within Europe since historically, low personal taxation has nurtured a nation of (often self-building) home owners (Olafsson, 1993; 2001), a tenure that has also dominated municipal housing through assistance for 'social owner-occupation'. However, while liberal states such as the UK witnessed a residualisation of social housing from 1980, Iceland moved in the opposite direction with the development of state supported housing co-operatives; 'nationalisation' of mortgage lending encompassing the lending capacities and membership of trades union managed pension funds, and a substantial increase in the construction of social housing from 10.1 per cent of completed dwellings in 1980-82 to 32.6 in 1990. Although home ownership remained at 89 per cent, by 1990 its status as the only socially valued form of tenure had been challenged and it is argued that a process of 'scandinavianisation' had occurred (Sveinsson, 1992).

Jersey: 'Europe without the Euro', welfare without the social?

Positioned between France and England and exploiting this geographical position, Jersey has a history of independence from both of these major powers that has allowed it to pursue a very idiosyncratic path to competitiveness with very little interference. As the smallest of the island states considered here it is also the most exceptional in both political development and social welfare provision. In terms of comparative data, although it has a UN identifier neither Jersey or the Channel Islands as a group are included in statistical comparisons and where it crosses the OECD radar, Jersey is of interest only in its position as a global offshore finance centre and tax haven. The most significant element of Jersey's economy (about half of output) continues to be the provision of international financial services, but tourism (a quarter) and agriculture also account for a substantial proportion of GDP, most of the latter being exported to Britain. Taxation is extremely light relative to other European countries, there is no capital gains tax for example, and corporate income tax ranges from 20-30% depending on where the income is produced and where the company is registered and operated from. It is Jersey's low tax identity which attracted wealthy settlers in the post-war period of decolonisation and economic boom, and its nurturing of UK tax-avoidance potential which consolidated its appeal (Hampton, 1998). Le Hérissier (1998) argues that the rapid population growth experienced between the 1960s and 1980s as the finance industry expanded has been a source of contention which continues in the realm of immigration policy over which the UK retains control. Immigration control has been achieved by the states instead through housing policy (States of Jersey, 2004), which is highly restrictive, and links settlement to wealth. It is only since 2005 that measures have been phased in to address some of the effects of global competition and the economic downturn, measures which while attractive for businesses and foreign investors required increases in the domestic tax burden to make up a potential £100 million per year shortfall. A goods and services tax of 3% for example was introduced alongside the removal of allowances for the highest earners. The top tax rate is only 20% however, and the removal of allowances was assumed to only affect the top 30% of taxpayers (BBC Jersey News online, 2005).

Jersey has no political parties or cabinet and underwent significant governmental reform in 2005 when ten new ministries were created and Departments replaced Committees. Prior to this the executive had only become 'representative' in 1947 and combines senators elected for 6 years with deputies and constables elected for three years. The significance of the parish as a political unit remains and the voluntary ('honorary') 'policing' of parishes has been influential in developing political careers (Le Hérissier, 1998). Policy is still formed and enacted via 'committees' that operate in a highly fragmented and ineffectually strategised environment. The presidents of committees wield considerable personal power and there is an accountability deficit in the system. The 2005 reforms were

clearly intended to address the increasing complexity of policy-making in the global context and as Le Hérissier (1998, p183) observes 'the [previous] system has almost connived to make change a slow, incremental process'. This is nowhere more obvious than in the area of social welfare where Jersey continues to operate the 'welfare grants' system along the lines of the English poor laws. However, in the early 2000s Jersey began to seek change in the operation of social security, intending to streamline and integrate a number of separate means-tested benefits.

Included in this review were commissioned surveys around budgetary standards and income distribution which compared Jersey's provisions to those of other European countries (Kellard et al., 2001; States of Jersey, 2004). The reforms to income support provisions were largely concerned with the operation of work incentives and poverty traps and the impact of the introduction of a general sales tax. The report on Income Support (IS) notes 'a mixed response' to proposals to make income support a 'passport to free primary healthcare', where it was felt that 'requiring a co-payment, however little, was a prudent thing to do'. The worry was that an amount in respect of health costs added to the weekly IS payment 'may simply be absorbed into the general household expenditure and some beneficiaries would still struggle to meet the cost of visiting the doctor' (2004, p7). This example indicates that there is a moral dimension to decision-making and an explicit desire to retain both the 'discipline' of the market and control over the expenditure patterns of low-income households. As with Iceland, housing policy in Jersey is a mass of contradictions. The manipulation of property purchase to limit immigration has priced much of the population out of the housing market and consequently 40 per cent of households rent property and one fifth of households are in receipt of rent subsidies. Social insurance is restricted to old age, disability, sickness and maternity benefits (although there is no right to maternity or parental leave unless this is offered by an employer). All other benefits are means-tested including the universal family allowances. There is no insurance-related unemployment benefit and unemployment is dealt with via the welfare grants system, which provides means-tested support on an individual case basis. Cases are put to the Parish authorities for assessment and award. Participation rates are comparable to those of other European countries: 60 per cent for women and 70 per cent for men, (although this latter is slightly lower than most) and unemployment at 2.3 per cent.

Crisis, island states and the scope for resistance: coping with change

In each of the three SIS considered here resistance has been played out in various ways determined by position in the world-system and the perceptions amongst policy-makers and populations of the pressures impinging upon them. Demographic vulnerability has impacted on all three with periods of youth exodus that have influenced both the intergenerational contract and the labour market. This section will reflect on the extent to which the continuing global economic

crisis has changed the scope for resistance in Cyprus, Iceland and Jersey and given existing knowledge of small states, comment on the likelihood of these SIS retaining exceptionalism as a feature of their social politics. The discussion is somewhat weighted towards the situation in Iceland due to the island's centrality in the European banking crisis.

Cyprus

The Cypriot economy is dominated by services, mainly in tourism, property and the financial sector, which was liberalised in 2000. Although categorised as a 'compound OFC'¹³, reliance on tourism means that the economy is exposed to the vagaries of European travellers economic well-being¹⁴ and also their perceptions of the political stability of the Middle East. EU membership has not provided a resolution to the Cyprus 'question' and the *acquis communautaire* does not apply to the North. Much of the social policy development undertaken in Cyprus over the last decade has been led by its preparation for EU accession. Thus the tone of the joint memoranda and assessments produced by the Cypriot Ministry of Labour and Social Insurance and various EU representatives, and official statements of aims of social provision reflects the EU social policy agenda, which it seems has been grafted easily onto relatively skeletal existing arrangements. In terms of values and principles, the casework approach developed in public assistance now fits well with the social inclusion agenda for example. In other areas, especially employment, there is pressure to align with the European employment strategy. This indicates policy development towards 'maximum participation', employability and activation measures and a flexible labour market. In terms of the first point, although women still make up three quarters of family workers, the female labour market participation rate is 53.7 per cent, comparable with both the UK and the Netherlands and higher than that of Greece, Italy, Spain and both France and Germany (UNDP, 2008). Increasing women's employment rates was a key aim established in the Joint assessment of employment priorities produced in 2001 (MLSI/EC, 2001), but family unity is also a longer-standing objective for family services. Like the large and large-small continental states, Cyprus will have to address the demise of the breadwinner model and a declining fertility rate (2.5 in 1970-75 to 1.6 in 2000-05). This may not be so difficult however, as women's employment has been promoted especially since the 1980s, the tax system is more individualised and childcare provision is well-established and subsidised¹⁵. As an aspect of Cypriot welfare

¹³ Not quite a functional offshore finance centre but on its way to becoming one (see Hampton, 1998, p82 for the academic definition)

¹⁴ Cyprus has joined the single European currency in January 2008

¹⁵ The mostly public provision of 'pre-primary education' expanded rapidly in the 1970s (Triseliotis, 1977) and more recently there has been further expansion of private and community day care centres which numbered over 400 in 2004 and are grant aided. IN 2000/1 40 per cent of children attended day care (MLSI/EC, 2003; Annual Social Welfare Report, 2004).

that diverges from the Mediterranean model it is interesting that according to data for 2000, Cyprus still clustered with other Mediterranean countries, Poland and Slovakia in terms of its conventional patterns of family formation and family forms (Hantrais, 2004, p64, Figure 3.1). There are indications that family structure is changing though and this has significant implications for the role of the state in filling the gaps which will appear in the intergenerational solidarity which currently keeps social spending low. Triseliotis (1977) concludes that partly due to the strength of the church, early state intervention was limited in the various social welfare fields, and there remains a very strong reliance on the voluntary sector albeit state subsidised. Reform of the health system to create a national health insurance system has taken longer than planned and again reflects the structure and mix of state/private/voluntary involvement that is standard fare for European economies (see the Health Insurance Organisation 2008) and especially the UK.

With accession to the EU there were some concerns that the Cypriot labour market would be put under strain by the potential entry of foreign workers who accounted for 10.1 per cent of the labour force in 2003 compared to only 5.3 per cent in 1995. Most foreign workers were temporary and employed in the low paid sectors, occupying nearly half of the jobs in the elementary occupations for example, and a third are employed in private households (MLSI/EC, 2003). At the same time as migrant labour was increasing however, the incidence of unemployment for the resident population was greatest in these sectors and this is likely to increase further, especially in tourism.

Part of AKEL's success has to be its placing of national unity and self-determination at the pinnacle of its ideological and policy package. In his February inauguration speech as General Secretary, Andros Kyprianou stated that as the governing party AKEL would 'promote the strong social character of the government and its support to social policies in a way that will advance social justice' and that 'it will attempt to restore values, principles and ideals in Cypriot society' (AKEL, 2009). The pre-EMU austerity drive may well make a come-back in the light of the economic crisis and its potential effect on tourism and construction. In a subsequent speech in March 2009, Kyprianou hinted that there might be an impact on social spending plans included in the 2009 budget but reassured that 'for us what is of utmost importance is that these measures have a strong social character'. He concluded that 'the future and the hope of Cyprus lie in the Left' (AKEL, 2009). Clearly, Cyprus is facing difficult times as a socialist state in a neo-liberal world. AKEL eventually supported accession to the EU but retains its critique of the EU/US global economic policy, it is committed to the improvement of socio-economic conditions through social provision but will have to pursue the logic of Cyprus' comparative advantage to achieve welfare aims. Whether it is possible to reconcile high rates of pensioner poverty with the government actuary's recommendations for reductions in pension entitlement for example (MLSI/EC, 2003) will demonstrate Cyprus' capacity to maintain its tradition of intergenerational solidarity. Clearly however, the fact that AKEL achieved the presidency in 2008 suggests that even with a gini coefficient close

to the EU average, popular desire remains for redistributive policies (and not just AKEL's softer stance on reunification).

Iceland

Over the last decade Iceland's eschewal of isolationism (see for example Asgrimsson, 2005) combined with strong US and EU economic relations and the continued political dominance of the right has contributed to the ease by which the neoliberal agenda has been adopted. In the 1990s a far-reaching programme of public sector privatisation and management reforms was undertaken, prescribed by the OECD and broadly informed by similar projects in New Zealand and the UK, but also adapting Danish approaches to competition in public services (Jonsson, 2001; Kristmundsson, 2001). In the early 2000s, liberalisation of financial markets, further privatisation of tertiary education and the pursuit of a low-tax international identity suggested that reliance on a rising tide had begun to replace state guarantees. Making banking and finance its sector of choice in the search for global competitiveness and borrowing heavily along the way, between 2003 and 2008 Iceland's three biggest banks saw the most rapid expansion in global financial history, becoming 'a gigantic hedge fund sitting in the middle of the North Atlantic' (Danielsson, 2009). Iceland's foreign direct investment rose by 500 per cent between 1998 and 2003, and in 2005 in speeches at Danish and Icelandic Banks the then Prime Minister, Halldor Asgrimsson reported Iceland as the 5th most competitive economy in the world (Asgrimsson, 2005a and 2005b). Speeches at this time reflect expansionary zeal, and the widespread policy reforms in areas of tax and business¹⁶ show Iceland attempting to recreate itself as a high tech financial player (see Ísleifsson, 2009). Financial overindulgence reaped some bitter rewards in October 2008 when the three main banks collapsed with losses of over US\$ 100 billion, and an IMF bail-out was required. Along with further foreign loans, the IMF package may stabilise the financial sector, but cannot prevent the serious economic hangover. The impact on solidarity of the 'deep recession' forecast by the OECD is potentially dire. The unemployment rate, which peaked at 5 per cent in 1995, was 1 per cent in April 2008 but a year later reached 9.1. The IMF report that Iceland's progress is 'broadly in line' with the recovery plan (IMF, 2009) but OECD projections published later in the year (OECD Observer, 2008-9) and Iceland's own Ministry of Finance (May 14th weekly web release figures) suggest a picture of no growth, inflation at 10.2% for 2009, and interest rates into the teens, all of which are the opposite to the objectives of economic stability set out in the government's incoming policy statement in 2007 (Prime Minister's Office, 2007). In addition, spending on social security and welfare has increased from 4.4 per cent of treasury expenditure in 2008 to 46.5 per cent in 2009. Many commentators argue that the banking collapse was foreseeable, in the typically admonishing and opaque language of the OECD prior to the collapse for example:

¹⁶ Amongst other substantial tax cuts, corporate tax was reduced to 18 per cent.

The key challenge for policy in the near-term is to restore macroeconomic stability by ensuring that steady progress is made in unwinding imbalances. Additionally, steps need to be taken to strengthen the ability of both monetary and fiscal policy to moderate macroeconomic volatility and prevent the re-emergence of [internal and external] imbalances with a view to sustaining Iceland's favourable growth performance (OECD, 2008, p1)

It is the feeling of action untaken and warnings ignored that is reflected in civil action and protest culminating in the 'pot and pan revolution', and the fall of the conservative Independence party government which had governed the country more or less since independence in 1944. The subsequent elections in May 2009 have seen a decisive shift to the left in Icelandic politics with a ruling coalition made up of the Social Democratic Alliance (29.8 per cent) and the Left-Green Movement (21.7). In addition, in Johanna Sigurðardóttir Iceland has its first woman prime Minister and one who is committed to changing the gender balance in politics and business. The 'Government Coalition Co-operation Statement by the Social Democratic Alliance and Left-Green Movement' released on the 10th May 2009 includes the following:

In the national elections just concluded, a majority of voters gave social democratic and left-wing parties a clear mandate to continue, and to prioritise new values of equality, social justice, solidarity, sustainable development, gender equality, moral reform and democracy in Iceland. The new government, guided by these values, aims at creating a Nordic welfare society in Iceland, where collective interests take precedence over particular interests. Foremost among its tasks is to revive confidence in the domestic community and rebuild Iceland's international reputation. (Prime Minister's Office <http://eng.forsaetisraduneyti.is/news-and-articles/nr/3706>)

In terms of social policy, Iceland is now facing a real dilemma in that the principles of state obligation and intervention, solidarity and egalitarianism have come to the fore just at the time when there is less scope to devote resources to supporting them. The new government's *First 100 days Planned Actions* includes a 'cost-cutting drive launched in public administration, involving employees, managements and users of services' (Prime Minister's Office, 2009). Given that the Icelandic civil and welfare services have already been thoroughly made-over in the style of the new public management and that the previous government also came in with a mission of 'focused government administration' with an emphasis on 'restraint' (Prime Minister's Office, 2007) it is hard to see how further cost-cutting exercises will deliver the welfare outcomes desired in a social democratic regime. It is possible that the standard OECD advice around privatisation and competition in health services (OECD, 2008) will seem more attractive as a cost-saving option¹⁷. The OECD's further suggestion for efficiency savings is the reduction of health care staffing levels but given the unemployment situation this kind of 'workforce rationalisation' is thinking of the unthinkable kind. The OECD has also been critical of the role of the publicly owned Housing Financing Fund,

¹⁷ Iceland spent 8.3 per cent of GDP on public health expenditure in 2004, a global high (UNDP, 2008).

which it views as an anti-competitive obstacle to growth. Its recommendation, unsurprisingly, is that the HFF's government apron strings should be cut and its social role become targeted. As housing is the most Scandinavian element of the Icelandic welfare state however, this latter advice may now be unwelcome.

Other planned actions in the welfare arena include plans for a new social insurance system (which were originally set out in 2007) and various actions relating to unemployment (initiatives to address seasonal and youth unemployment and increase business start-up). Measures to address unemployment are, of course, high on the agenda given the increase in numbers registering for benefit. Since this is a relatively undeveloped area of policy the choices again will reflect battles of ideas between those promoting 'workfare' and those preferring 'activation'. The new government is also planning to provide services to assist highly indebted households, set up regional action plans with long-term objectives and collect baseline data and monitor development of 'key indicators on economic and social issues', in much the same way that in the UK, Labour began to monitor social exclusion in the *Opportunity for all* reports. The revisions to the social insurance system are most interesting from the point of view of welfare 'regime change'. Currently the system is as set out below with key benefits financed via a payroll tax on employers of 4 per cent and a further state grant. If the new government is hoping to scandinavianise the system then pensions are the most obvious area of reform. The committee appointed to develop the social insurance reforms are indeed aiming to streamline pensioner provision and reduce the means-tested elements¹⁸.

Table 2. Summary of social insurance system in Iceland

Insurance Scheme	Administered by:	Funded by:	Entitlement
Old Age Pension, Sickness and invalidity	Social Insurance Administration (Ministry of Social Affairs & Social Security)	contributions	Universal (residence) OAP at age 67 and supplement both means-tested
Health		Tax	Universal (residence)
Unemployment	Directorate of Labour	contributions	12 months f/t employment for full amount
Mandatory Occupational Pensions (old age, invalidity, survivors)	Icelandic Pension Funds Association	Minimum 4% employee and 8% employer contribution	Contributions based, earnings related
Parental leave/maternity/paternity	Directorate of Labour	contributions	6 months employment/students

Source: Tryggingastofnun (Social Insurance Administration) <http://www.tr.is/english/social-insurance-in-iceland/>

One welfare concern where the situation has already changed is that of migrant labourers and their children. The need to import labour was hailed as an indicator

¹⁸ Personal communication May 2009, Office of Social Security, MSSS)

of economic vitality earlier in the decade and by 2007 issues of discrimination, educational provision for migrants and cultural difference had made it onto the policy agenda (Prime Minister's Office, 2007). However, although inward migration was (relatively) high and rising between 2003-2008 (2,607 people in 2003 compared to 9,217 in 2007), emigration also increased during this period and numbers entering the country have decreased considerably in the first quarter of 2009 while the numbers of foreign citizens leaving Iceland have increased (Statistics Iceland, 2009 and online tables at <http://www.statice.is>). Thus there are likely to be shifts in patterns of labour market activity as jobs previously undertaken by migrant labour become available. This may already be happening as the Ministry of Finance reports a slow down in the increase in unemployment March to April 2009 (Ministry of Finance, 2009).

In many ways Iceland has spent the years since independence expressing its resistance to conforming to the Scandinavian social model represented by its previous rulers (Denmark and Norway), most recently by embracing the values connected to global neo-liberalism. In his commentary on Icelanders as 'Scandinavian' or 'American' however, Olafsson (2003b) suggested that there was a tilt to the 'east' and clearly, in hard times this tilt has become an historic swing. Disillusionment with the excesses of capitalism is obviously not the preserve of Icelanders, although with 38 per cent in support of nationalised industry Iceland was in complete contrast to all the other countries in the 1990 world values survey¹⁹ (Inglehart, 1997). What is different in Iceland however is that its size, the accessibility of its political process and the effects of social proximity have made it possible to quickly reject the neo-liberal agenda in favour of a new resistance operated via the 'welfare society'. How this resistance will fare in the face of IMF borrowing remains to be seen, but Iceland has a history of making the "wrong" choices at the "wrong" time and its lack of a deeply furrowed path on which to depend means that it has policy versatility not enjoyed by big states. As the IMF itself (2009, p25) has noted

Iceland has dealt well with shocks in the past. One important aspect of this is the history of cooperation between the social partners in the labor market, not least when economy is exposed to adverse shocks. A responsible wage agreement will be crucial for limiting the fallout from the current crisis. More generally, strong political and social cohesiveness and a tradition of mobilizing broad political support for difficult policies are among Iceland's great strengths. This, and the proven flexibility of the economy, augur well for the authorities' ability to tackle the daunting tasks ahead.

In terms of small state behaviour, the desire to branch out and join other leading small states in the modern financial world may well reflect Icelandic national traits (aggression, adventure, daring and so on – see Olafsson (2003b) for reflection on the national character) but equally concerns the more general aspiration for the country to punch above its weight politically, a strategic aim rather than an economic one, a voice rather than enrichment. The OECD has called the

¹⁹ The highest percentage after Iceland was South Africa at 7 per cent.

Icelandic economy 'inherently volatile' and thus vulnerability is likely to draw governments and their supporters towards what appears to be a successful strategy for other players. This was not so much policy transfer as economic identity transfer as no country wants to be a 'micro state in a macro world' (Harden (1985) cited in Ott, 2000, p3). Since this strategy failed so catastrophically there is a chance that perceptions of increased vulnerability may rise the spectacles through which international relations are viewed. This is particularly evident in the imminent submission of Iceland's application to join the EU. Accession will ultimately be decided in a referendum.

Membership of the EU has been on and, most often, off the political agenda since the establishment of the European Community in 1957. With its promise of Euro-stability, membership of the EU has become so appealing that the Icelandic population's fierce protection of its fishing rights, and more importantly its 'independence', has taken a back seat. In addition to the electorate (who have always been more pro-EU than the politicians – see Palmarsdottir, 1991 and Thorhallsson, 2002) and business organisations such as the Chamber of Commerce and Federation of Icelandic Industry, support for membership has grown to encompass two thirds of current MPs as well as of the Confederation of Labour. Part of the Social Democratic Alliance's success in the recent election is thought to be due to its application plans. The alternative, a monetary union with Norway (or even the US dollar) do not seem so attractive. Clearly Iceland would fare better in an organisation such as the EU where it has other small country colleagues (and a small island group) in addition to its Nordic neighbours Sweden and Denmark to assist in protecting its interests. The EU is a different organisation to the one that a one-time Icelandic opposition leader suggested would 'inhale' small states (Palmarsdottir, 1991, p10). The so-called 'viking union' with Norway would see Iceland as a constrained junior partner in an unequal relationship with considerable historical baggage. Not only is EU membership a popular domestic policy choice but it is also a step which would be favourably regarded by both the IMF and other interested external actors according to the Prime Minister (Sigurðardóttir, 2009). An independent currency is argued to be a liability in the international financial market and not a necessity for 'independence and vitality' but it is also possible that once the financial storm is weathered the appeal of being in Brussels will wear thin and the previously voiced disadvantages to membership will re-emerge in fortified form.

Jersey

Jersey's identity as a tax haven is crucial in its global position of power and influence and to its domestic welfare relations. It has been suggested that it is the most protectionist of the OECD countries, dominated by the interests of the finance industry and lacking the 'checks and balances of a modern democracy' (Jersey Evening Post, 31.03.99). Clearly then changes in welfare values need to be evaluated in a unique context where 'democracy' exists in the absence of political movements and where at the key historical point for welfare

development, politics were dominated by the interests of the very wealthy. In spring 2009 the Director General of the OECD confirmed the organisation's support for more stringent regulation of tax havens, some have begun to bow to peer pressure and in March Jersey signed a new Tax Information Exchange Agreement with France. It now has 13 TIEAs, 11 with OECD countries (OECD, 2009). In mid May 2009 the chair of Christian Aid UK in Jersey resigned in protest at the role of Christian Aid in public critique of Jersey's tax status and consequent role in sustaining global inequality and poverty. Clearly then, local rather than international politics remain central to the development of welfare.

As with the changes in British welfare as more women and working class members were voted onto to poor law boards, Jersey is gradually adapting to the welfare needs of a changed population in a different world. Policy documents suggest that although strands of less eligibility continue to be woven through the social security reforms, having commissioned social research and reviews, the committees and States have been persuaded by the arguments of social rather than individual risk. However, there is also a greater desire to move towards targeting of benefits alongside administrative simplification and a distrust of 'centralisation'. There is an uncertainty of language which switches from discussion of the 'beneficiary' to the 'customer' and a concern that 'centralisation' should not obliterate local knowledge and flexibility²⁰. It was only in 2002 that the States debated abolishing the law of obligation from children to parents as 'out of step with modern day life', and while this illustrates both the influence of French and English law in the Jersey system, it is also symptomatic of the welfare conundrums Jersey faces. The simultaneous desire for freedom and guarantees can also be identified in public opinion.

As with most advanced countries the question of pension sustainability looms large in policy discussion in Jersey. In the 2008 Social Survey 22 per cent of respondents did not have either private or occupational pensions and 24 per cent stated that they would be relying on the state pension in retirement. In terms of the policy options preferred by the population, most chose increased contributions over either reduced payments or raising of the pensionable age (with a predictable age effect in responses) but three quarters agreed that a voluntary tier in the state pension should be provided and 55 per cent that this should be compulsory. With regard to the funding of long-term care a high proportion (20-25 per cent) of respondents 'don't know' what their views are on the state/private mix. This might suggest a lack of informed public debate on this topic, but of those who did express an opinion, 81 per cent were in favour of a publicly organised scheme (either via insurance or tax), over half thought the scheme should be compulsory, three quarters that it should be funded by those of working age only, half that contributions should be progressive and three

²⁰ One report talks of the more 'volatile' cases seen at parish level which require emergency cash (not cheque) payments for example, or the advocacy undertaken by parish authorities (States of Jersey, 2004).

quarters that the scheme should enable private top-ups for more expensive care (States of Jersey Statistics Unit, 2008). In terms of values it appears that while the traditional liberal principles remain strong, there is popular demand for state intervention in the area of pensions care and this reflects both the changing labour market in Jersey and greater recognition of the contingency of social diswelfare. While Jersey may resist interference in its relationship to global financial capital, there is evidence of a shift towards more welfarist objectives as the country comes to terms with the reality of a growing population which does not consist of High Net Worth Individuals and the precarity of the business on which its economy is based.

Conclusions

As national units, island states reveal much about the “glocal” that is missed in analyses of more internationally powerful nations. External policy influences are more readily identifiable and internal idiosyncrasies more obvious, but study of island states also exposes aspects of the relationship between culture, economics, political strength and resistance which are less visible when considering policy change in large states. Each of the islands discussed above can be regarded as practising a form of resistance within the world-system. Each represents a challenge to the theoretical frameworks and typologies traditionally used in comparative social policy and political economy through the policy hybridity that results from small size and social proximity. This latter creates both cultural frameworks and political processes that are crucial for welfare development and redevelopment. Within their families of nations, small island states are very much the long lost relatives, they may attend the family events but no-one is quite sure to whom they are related. As such, they are indeed the neglected outliers of comparative research but this makes them all the more interesting, both sociologically and in terms of policy learning and theoretical development. Interest in the fortunes of small island states is particularly pertinent in the current global order given their pivotal roles in both economic and political developments. The policy analysis presented here sheds light on the adaptability of welfare systems in the face of global pressures, and possibilities for future evolution as well some support for the history/politics matters approaches. However, in order to explore the relationships more fully, and for better understanding of the cultural dimensions of both comparative political sociology and social policy, the research agenda must include better and more imaginative approaches to the use of qualitative data and better measures of values than the standard opinion survey. This would require the identification of proxy measures for ‘unity’ and ‘friendliness’ which might include for example, levels of tax evasion, job satisfaction in public services, rates of visiting for older people as well as the more traditional measures of social capital. Adding such a layer to historical and institutional analysis would give a fuller picture of welfare behaviour in crisis, transition and innovation.

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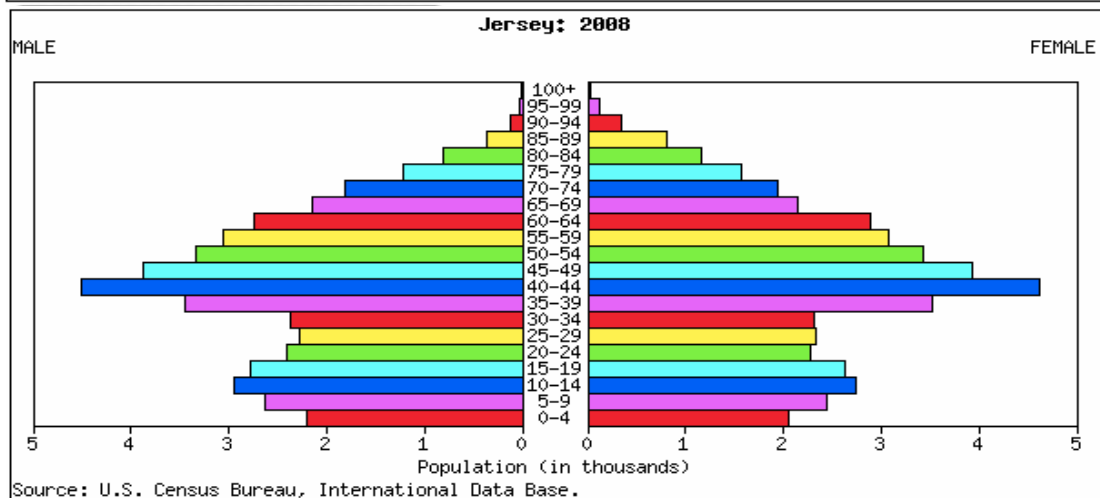
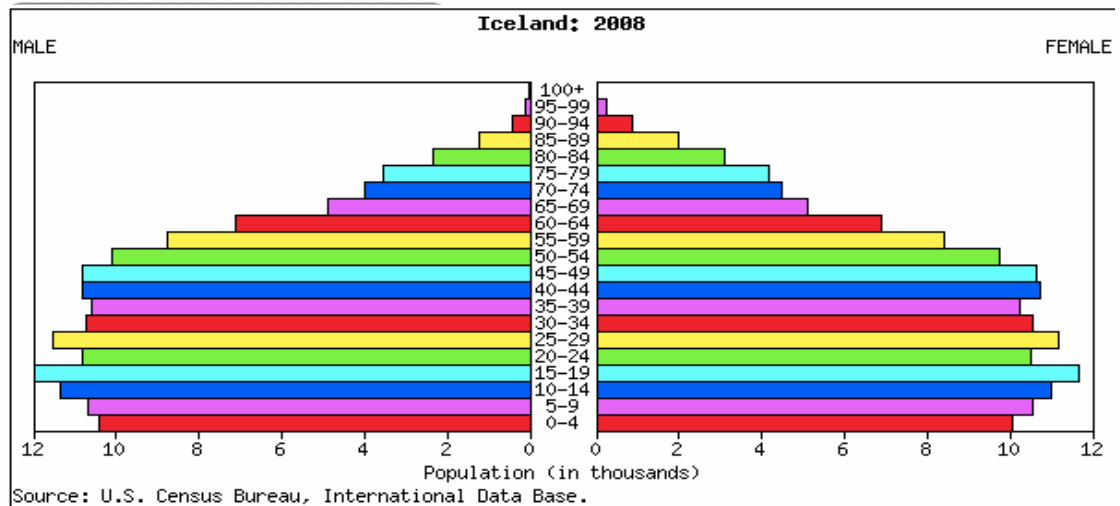
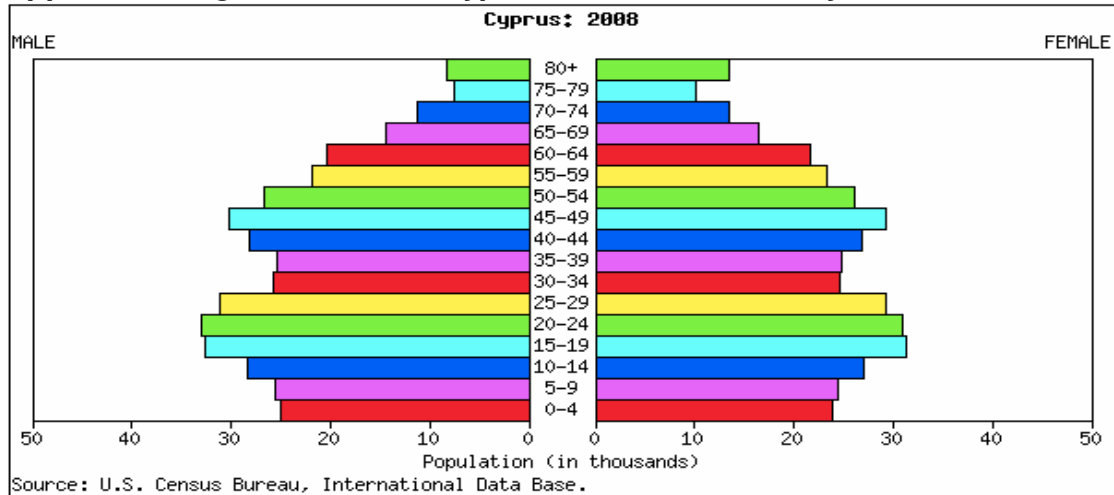
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Appendix 1: Key indicators for Cyprus, Iceland and Jersey

	Cyprus	Iceland	Jersey
Population (July 08)	792,604	304,367	91,533
Arable land	10.81%	0.07%	0%
Net Migration Rate	0.42 migrants/1,000 pop	1.13 migrants/1,000 pop	migrants/1,000 pop
Life expectancy	80.67(W) 75.75 (M)	82.76(W) 78.43 (M)	82.35 (W) 77.15 (M)
Total fertility rate 2008	1.79	1.91	1.58
Ethnicity/net migration rate	0.42 migrants per 1000 pop 5% non-Greek or Turkish	6% Population of foreign origin	2.73 migrants per 1000 pop 6.4% Portuguese/Madeira 1.1% other
IGO membership	Bretton Woods, EU, EMU	Bretton Woods, NATO, OECD, EEA	None (British Crown Dependency)
Education expenditure % govt expenditure (2002-5)	14.4	16.6	16 % (approx)
Political independence	1960 (from Britain)	1944 (from Denmark)	N/A
Current Government	AKEL (President) (Feb 2008) AKEL/DIKO/EDEK coalition (2006 election)	Social Democratic Alliance/Left-Green Movement coalition 01.02.09	
Gini coefficient	29 (2005)	0.25 (2004)	0.38 (2008)
Main export partners	Greece, UK, D	US; D, Sw, Dk, NL, UK, China, NW	
Labour force by sector	Agric. 8.5% Industry 20.5% Services 71.0%	Agric. 6.6% Industry 21.6% Services 71.6%	Agric 4.1% Finance sector 25%
Unemployment Rate 2008	3.8%	1.6%	2.2% (1,020 people registered unemp Feb 2009)
GDP per cap PPP	\$29,200 (2008)	\$42,600 (2008)	\$57,000 (2005)
HDI	30/179	1/179	
GDI	24/157		
GEM	41/108		
Internet users per 1000 people 2005	430	869	
Prison pop. per 1000 people 2007	76	40	192 (Max total population 2008)

Sources: CIA World Factbook <https://www.cia.gov/library/publications/the-world-factbook/> [18.02.09]; Human Development Report 2008 <http://hdrstats.undp.org/buildtables/>

Appendix 2: Age structure in Cyprus, Iceland and Jersey, 2008



Source: Created at <http://www.census.gov/ipc/www/idb/pyramids.html> [03.03.09]