Governance in small state legislatures.
A theoretical framework and the case of Liechtenstein

Sebastian Wolf

1 Introduction

Small countries and particularly microstates are still a rather neglected field of research in Political Science and the social sciences in general (Kirt and Waschkuhn 2001, p. 23). So far, it seems that scholars from International Relations have more often dealt with specific features of small states and very small countries than other subdisciplines (see e.g. the compilation of respective key studies by Ingebritsen et al. 2006). Scholars with an interest in Comparative Politics have frequently focused on questions of democracy in small political systems (for an overview see Veenendaal 2013a). Nevertheless, the academic literature on political decision-making in diminutive countries remains thin. Especially theoretically driven case studies of microstates with a sound empirical basis are rare – though there is a constant trend of proliferation of small political systems (Geser 1992, p. 627). One may add that many studies which deal more or less with small countries cannot be seen as contributions to “small state research” in the narrow sense of the word since their authors do not pay much attention to smallness as a distinct independent variable or to small state theory. As a small state expert has put it roughly 30 years ago, “The small state approach never became a ‘hit’, i.e. that sort of fashionable approach which attracts the attention of the ‘big shots’ within the discipline” (Christmas-Møller 1983, p. 39).

Contrary to small state research, numerous scholars from many disciplines have published countless studies on various aspects of governance in contemporary societies and political systems in recent years (for an overview see e.g. edited volumes like Benz and Papadopoulos 2006; Bevir 2011; Levi-Faur 2012). In the last two decades or so, “governance” has become an ubiquitous and interdisciplinary buzzword of the social sciences (von Blumenthal 2005, p. 1150; for a critique see Offe 2008). Researchers have focused on, inter alia, descriptions, reasons, and effects of shifts in governance, the raise of governance networks (or network governance) and other non-hierarchical modes of governance despite the persistence of hierarchical government, and the appearance, interdependencies, prospects and limits of different patterns of governance in various areas of both public and private sector. However,
the specific modes of governance in small states – if there are any – still seem to be underresearched.

Against this background, this chapter seeks to combine approaches from small state literature with selected governance typologies to explore an important area of domestic small state politics. Assumptions regarding certain patterns of public governance in the legislatures of small countries will be deduced from both small state theory and governance theory. These hypotheses will be preliminary tested by means of an in-depth case study of Liechtenstein based on a comprehensive data set on decision-making in the principality’s parliament.

Liechtenstein is such a diminutive country that small state characteristics can be supposed to have particularly strong effects on politics (cf. Geser 1992, p. 631). The next section deals with the combination of small state theory and governance theory and outlines rather general presumptions. On that basis, in section 3 concrete hypotheses on modes of governance in the legislatures of small states are formulated. The fourth section gives a short overview of the parliament of Liechtenstein. In section 5 the assumptions are preliminary tested with regard to the principality’s legislature. The concluding section summarizes the results and elaborates on the combination of governance research and small state theory.

2 Small state theory meets governance research

Theoretically oriented small state research is usually characterized by the key assumption that “size” is an important independent variable that directly or indirectly impacts on various social and political phenomena: “It seems to be assumed that given a satisfactory definition of an independent variable, viz. size, it is also possible to predict something about some dependent variable, viz. the ‘behavior’ of small states” (Amstrup 1976, p. 165). However, it is not easy (if not impossible) to give a satisfactory definition of a small state. Smallness is an elusive concept or category, especially when it comes to small states (Maass 2009). There is no consensual or authoritative definition of a small state; every definition (based on e.g. population, geographical size, economic indicators, military power, or a combination of selected factors) is arbitrary to some extent (Anckar 2013, p. 13). According to a very broad definition, small stateness is characterized by a structural scarcity of certain (significant) resources within a (sovereign) country (Wolf 2013, p. 13) from a substantialist, relational, and/or attributive point of view (Geser 1992, p. 629). For the purposes of this chapter, it is not necessary to further elaborate on the definition issue at the moment (but see the concluding section for additional considerations). In addition to the vagueness of the small state concept,
frequently the “dependent variable is no less elusive than the independent variable of ‘size’” (Amstrup 1976, p. 165). Only in very few instances, small stateness can be seen as a strong and unambiguous (quasi-) deterministic factor that necessarily has equal or similar effects in each and every small political system. More often, there is merely a functional relationship (i.e. a certain small state behavior seems to be useful, reasonable, or functionally adequate but not necessary) or a conditional relationship (i.e. smallness is a necessary but not a sufficient condition for a certain phenomenon) (Geser 1991, pp. 96-97).

Contemporary small states are very heterogeneous. For example, European microstates differ a lot from very small island states in the Caribbean or the Pacific with regard to cultural, political and social aspects (Veenendaal 2013b, p. 246). Therefore, it has been argued that small state theory has to operate on a rather high level of abstraction (Geser 1992, p. 632). Moreover, one has to take into account that genuine impulses of small stateness can and tend to be modified (e.g. intensified, weakened, neutralized, distorted or transformed) by other country-specific factors (Fanger and Illy 1981, p. 236; Wolf 2013, p. 16), e.g. certain cultural, economic or social characteristics. Such intervening factors and/or their significance are maybe not or only partially known to the researcher conducting a respective small state study. Against this backdrop, the usefulness and scientific applicability of the small state approach has been called into question. For example, Baehr was convinced of the “insufficiency of the concept as an analytical tool. Whatever criterion is adopted, small states form too broad a category for purposes of analysis” (Baehr 1975, p. 466). Obviously, this opinion did not become the majority view in the scientific community. Most scholars dealing with the political systems of small countries and microstates believe that the potential methodological pitfalls of theoretically oriented small state studies do not justify to completely abandon this branch of research. Carefully designed and conducted small state research should be able to reach modest conclusions or inferences which are generalizable at least to some extent (cf. Anckar 2013, pp. 17-18; Waschkuhn 1993, p. 155). For example, it should be possible to “identify a common small state behavior in relation to certain situations, some issue-areas, certain interests” (Christmas-Møller 1983, p. 46).

Although research on governance in general has been much more popular than small state studies in recent years, both branches of research share the problem that consensual, authoritative, or official definitions of their respective key concepts do not exist so far. Maybe the term “governance” is even more elusive than the term “small state”. Many authors “describe and analyze ‘shifts in governance’”(van Kersbergen and van Waarden 2004, p. 144), but they often deal with rather different approaches, concepts, methods, and phenomena.
According to some broad and typical definitions, “governance refers to processes of rule wherever they occur […] and] all processes of social organisation and social coordination” (Bevir 2012, p. 3), governance is “the management of the course of events in the social system” (Burris et al. 2008, p. 9) or “the production of social order, collective goods or problem-solving through purposeful political and social intervention” (Schneider 2012, p. 130). Analytical approaches to the study of governance depend in large part on the epistemological interest of the respective author(s) (Benz and Dose 2010, p. 17). In the following paragraph, the concept of governance used in this chapter is briefly outlined.

I follow the notion that especially in political science – and the German-speaking scientific community – research on governance tends to prefer a rather institutionalist perspective focusing on modes, patterns, or abstract structures of decision-making, governing, and/or ruling (Mayntz 2006, p. 16, but cf. Grande 2012, p. 580). In this regard, governance usually aims at managing or coordinating interdependencies between (often collective) political actors (Benz 2004, p. 25). Modes of governance and decision-making structures as such have to be distinguished from outputs of governance such as political instruments, collective goods, or policy measures (Zürn 2008, p. 556) though the latter may perhaps impact on future governance processes. It seems useful to make a distinction between three main levels of analysis or abstraction (Benz and Dose 2010, p. 25): At the lowest level, we can find some basic mechanisms of governance (particularly mutual observation, interaction or interference, and negotiation) (Schimank 2007). Important modes of governance such as hierarchy (Döhler 2007), political competition (Benz 2007a), bargaining (Benz 2007b), and networks (Wald and Jansen 2007) usually have to be differentiated at the meso level (cf. von Blumenthal 2005, p. 1169). Governance regimes – i.e. combinations of several modes of governance (Schuppert 2008, p. 24) – may be explored at the highest level of analysis. Research on governance does not imply or require a specific theory or methodology but is open to various approaches, concepts, and techniques which are at least compatible with the broad (and somewhat vague) analytical premises just indicated (Benz et al. 2007, p. 16).

The methodological and theoretical openness of the governance approach (cf. von Blumenthal 2005, p. 1174; Grande 2012, p. 579) facilitates the scientific endeavor of this chapter to combine small state theory with empirical research on governance. Governance research seems to be particularly interested in generalizable reasons for the (non-) occurrence of

---

1 Some authors, e.g. Grande (2012, pp. 566, 575), do not see hierarchy as a distinct mode of governance. They analytically separate governance from hierarchical decision-making and ruling (government). In this chapter, hierarchy is conceptualized as a significant pattern of governance amongst others (cf. Benz and Dose 2010, p. 25; von Blumenthal 2005, p. 1169).
certain modes of governance as well as governance regimes in specific sectors and contexts (cf. Schuppert 2008, p. 24). Against this background, small state theory can and should provide respective presumptions or working hypotheses. In fact, such an approach or starting point of a research design is not uncommon in small state research, albeit usually not under the more recent heading of “governance” (cf. e.g. Amstrup 1976; Geser 1993; Waschkühn 1993). Small state research should attempt to contribute as other sub-disciplines to “theory-formation in political science” (Christmas-Møller 1983, p. 36), and the governance approach might be a good way of bringing small state studies closer to mainstream political science. Therefore, assumptions on the key independent variable (small stateness) will now be derived from small state theory whereas governance theory provides an analytical framework to explore the dependent variable (i.e. patterns of ruling or decision-making influenced by small state characteristics). For the limited and preliminary purposes of this chapter, I will focus on a meso level of analysis as well as three crucial modes of public governance: (1) hierarchy, (2) bargaining, and (3) competition (cf. the conceptual differentiations outlined above). What does small state theory generally assume regarding the (non-) occurrence of these selected modes of governance in small state political decision-making?

(1) **Strong hierarchy**: Many scholars emphasize that the executive branch dominates the political systems of small states or is likely to do so (cf. e.g. Eisenstadt 1977, p. 76; Richards 1982, p. 158; Veenendaal 2013c, p. 15; Waschkühn 1990, p. 143). A main reason is that most of the scarce political and administrative resources tend to be concentrated in the hands of the government and its subordinated organizations. As a consequence, there is not much room for a powerful political opposition and thus government and public administration often prevail in the various stages of the policy cycle. This leads to the assumption that law-making in small countries is particularly prone to be rather quasi-hierarchical, i.e. the government more or less directs or steers political processes.

(2) **Tendency to bargain and/or to compromise in order to reach a (quasi-) consensus**: On the other hand, various scholars stress that consensual or consociational decision-making in politics is a typical feature of small states (cf. e.g. Geser 1991; Lehmbuch 1991; Waschkühn 1990, p. 141). In diminutive countries, the citizens’ attitudes and preferences tend to be more homogenous than in bigger polities (Dahl and Tufte 1974, p. 13) and the small number of inhabitants makes it easier for politically interested people and organizations to be effectively involved in political processes. The members of the small political elite (i.e. key politicians, senior officials, and top lobbyists) can rather easily
coordinate their negotiations on controversial issues. Moreover, it is often functional for political actors in small communities to join forces or to pool the political elite’s strengths in order to make full use of the scarce human resources. There is a small state tendency to avoid fiercely contested majority decisions which could lead to problems such as debilitating and long-lasting conflicts. This leads to the assumption that law-making in small countries is prone to be rather consensual.

(3) Weak party competition: Several scholars point out that in small democracies personal conflicts or clashes amongst leading politicians are more prevailing than contestation between political parties or disputes due to competing ideologies or programmatic controversies (cf. e.g. Richards 1982, p. 170; Veenendaal 2013b, p. 254; Waschkuhn 1990, p. 143). Key reasons are the close and interdependent relationships within the small political elites of diminutive countries, small ideological and programmatic distance between the (main) parties, and the semi-professional or volunteer character of many small state parties and politicians. Individual political actors or personal coalitions frequently tend to be more important than parties or other formal organizations. This leads to the assumption that party competition in the law-making of small countries is prone to be rather weak.

In the next section, these rather general assumptions will be concretized and specified with regard to modes of governance in the decision-making of small state legislatures.

3 Assumptions on governance in small state legislatures

Comparative research on parliaments of small countries and micro-states has often focused on rather superficial institutional characteristics so far. For example, Anckar (2013, pp. 14-16) points out that “small countries tend to have small parliaments”, “unicameral assemblies”, hardly “full-fledged committee systems” and “only a few parties”. These generalizable institutional characteristics surely shape the parliamentary decision-making in many diminutive polities to some extent (cf. e.g. Baldwin 2013). However, it is the aim of this chapter to explore specific patterns of ruling in small state legislatures below the surface of formal institutions and organizations. Therefore, I seek to combine small state theory with empirical research on modes of public governance. At first, the following paragraphs concretize the theoretical presumptions outlined in the last section that the law-making of small countries is prone to be characterized by (1) strong hierarchy, (2) consensual decision-
making, and (3) weak party competition. The remainder of this paper mainly deals with a preliminary test of the specified hypotheses.

In the proper or classic meaning of the word, hierarchy as a mode of governance usually involves, inter alia, a formal vertical relationship and power(s) to direct (cf. Döhler 2007). For the purpose of this chapter, I obviously have to stretch or broaden the concept of hierarchical governance to some extent since I do not analyze a formally hierarchical organization (e.g. a bureaucracy) with simple chains of command. In the context of parliamentary law-making, I therefore speak of (quasi-) hierarchy if the government more or less is able to act as if it was in a superior position regarding the parliament. Thus, if decision-making in the legislatures of small countries is strongly hierarchical, as small state theory suggests (see above), one may expect to particularly observe the following characteristics: (1) The small state government clearly dominates the parliamentary agenda-setting (i.e. most items on the agenda, especially draft laws, are initiated by the government); (2) Irrespective of changeable parliamentary majorities, initiatives by the government are usually rather undisputed in the small state parliament (i.e. issues not tabled by the government are significantly more disputed in plenary sessions); (3) Governmental initiatives are adopted by large majorities in the small state parliament (i.e. agenda items initiated by government are mostly rubber-stamped by many parliamentarians, including at least parts of the opposition).2

Bargaining as a mode of governance mostly involves at least two actors who possess veto power in an interdependent political relationship. They have to come to a unanimous compromise in the event of conflicting interests (cf. Benz 2007b). For the purpose of this analysis of small state legislatures, I consider (a) strongly debated issues in the Landtag’s second reading as conflictual, (b) parliamentary debates as a form of bargaining in public arenas, and (c) broad parliamentary majorities (including at least parts of the opposition) as quasi-consensual. As outlined in the last section, small state theory suggests that law-making in small countries is prone to be rather consensual for different reasons and that bargaining plays a crucial role in case of controversies. Thus, one may expect to particularly make the following observations: (4) The small state parliament rather often decides (quasi-) unanimously (i.e. items on the agenda, especially draft laws, are often supported by all or most of the parliamentarians); (5) Broad majorities in the small state parliament frequently

---

2 One might rightly object that particularly feature (1) is not a unique characteristic of small states; due to several reasons, governments dominate the legislative agenda-setting in most contemporary political systems (cf. e.g. Newton and van Deth 2010, pp. 139-140). However, I argue that it should be possible to identify a specific small state phenomenon if the characteristics (1) to (3) can be observed to such an extent that is apparently not common in most larger polities.
decide even disputed issues (i.e. many parliamentarians compromise or agree on much-debated initiatives).

Party competition is a crucial form of political contestation in democratic polities. At least two parties compete for votes, public offices or other resources (cf. Benz 2007a). In the larger European democracies, party competition is usually characterized by a cleavage between coalition or ruling parties and opposition parties (cf. e.g. Newton and van Deth 2010, p. 280) with certain patterns of behavior: Coalition parties generally show only limited competitive behavior among themselves as long as they are partners whereas opposition parties mostly engage in competition with both coalition and other opposition parties. The parliamentarians of opposition parties commonly try to reject initiatives by the government and the majority parties without success whereas the members of coalition parties regularly vote down oppositional proposals. In the previous section, a tendency towards weak party competition in the law-making of small countries was assumed which can be deduced from small state theory. Therefore, one may expect to particularly observe the following characteristics: (6) The cleavage “coalition parties versus opposition parties” is rather weak in the small state parliament (i.e. clear-cut majorities are rare or do not exist); (7) party unity in small state parliamentary decision-making is rather weak (i.e. parliamentarians show a rather volatile voting behavior).

The next section briefly introduces the legislature of Liechtenstein. Thereafter, the assumptions specified in the previous paragraphs are preliminary tested.

4 The parliament of Liechtenstein

The Landtag is the principality’s part-time parliament which regularly meets for roughly eight working sessions of two to three days each year. It shows all the typical small state characteristics mentioned at the beginning of the last section (cf. Anckar 2013, pp. 14-16). Firstly, it is small. The Landtag consists of only 25 members of parliament and a certain number of alternate members of parliament (currently nine). Secondly, it is a unicameral assembly. Thirdly, it does not have a fully-fledged committee system. There are only four committees of three or five members. Most legislative work including debates and amendments of draft laws is done in the plenary assembly, not in the committees. In addition to the committees, there are five delegations which represent Liechtenstein in certain international parliamentary assemblies.
Forthly, the Landtag has only a few parliamentary groups. For a long time during the 20th century, just two parties – the Fortschrittliche Bürgerpartei (FBP) and the Vaterländische Union (VU) – obtained seats in elections. Both FBP and VU can be described as economically liberal, moderately conservative, and pro-monarchical parties. They have mostly formed grand coalitions during the last decades. The Freie Liste (FL) has been an oppositional party during the last legislative periods. It is social-democratic, ecological, and critical of the monarchy. In the 2013 elections, the new and somewhat populist voters’ association Die Unabhängigen (DU) surprisingly gained four seats. Thus, the Landtag currently has four parliamentary groups for the first time. Scholars have argued that the political influence of the principality’s parliament tends to decrease, that its resources are rather insufficient, and that it is heavily dependent on the government. For this critique and more information on the Landtag, see e.g. Allgäuer (1989); Batliner (1981); Beck (2013) and Marxer (2008).

5 The Landtag at work: Governance in the decision-making of a micro-state legislature

In order to pre-test the assumptions outlined in section 3, a comprehensive data set of the Liechtenstein Institute (Bendern) will be used. It is based on the minutes of the Landtag and documents the parliament’s decision-making in detail. For example, it is mostly possible to see and track the individual voting behavior of each parliamentarian.\(^3\) My analysis focuses on the legislative period 2009-2012 in which the Landtag finally voted on 239 legal acts (bills, ratification laws, popular or parliamentary initiatives, and decisions regarding European Economic Area (EEA) provisions). Results of a questionnaire-based elite survey conducted in summer 2012 by the author at the Liechtenstein Institute will also be taken into account if applicable. Roughly two thirds of the then members of parliament and alternate members participated in the survey.

As to the first assumption (“The small state government clearly dominates the parliamentary agenda-setting”), it is remarkable that 66% of all draft laws were initiated by the government. The executive also tabled ratification laws (21%) and decisions regarding EEA provisions (9%). Only 4% of all bills were parliamentary or popular initiatives. The parliamentarians’ perceptions show a similar picture. 95% of the politicians who participated in the survey stated that in their view law-making processes are steered by the government even in case of

\(^3\) The author thanks Christian Frommelt for his help to use the Landtagsdatensatz.
disputed issues. Regarding the second working hypothesis (“Initiatives by the government are usually rather undisputed in the small state parliament”), it should be highlighted that almost a third of all government bills was not debated at all in the Landtag’s second reading. On the other side, there were at least ten contributions to the plenary discussions of two thirds of all parliamentary or popular initiatives. Thus, agenda items not tabled by the government were significantly more disputed in plenary sessions than initiatives by the executive.

When it comes to the third assumption (“Governmental initiatives are adopted by large majorities in the small state parliament”) and the fourth hypothesis (“The small state parliament rather often decides (quasi-) unanimously”), it is striking that the parliamentarians unanimously adopted no less than 54% of the executive’s draft laws. Admittedly, the parliamentary opposition during the legislative period 2009-2012 was rather small but not unusual for the Landtag: It consisted of only two members of parliament (a FL politician and a former VU member who first left his party and later founded the DU association).

Nevertheless, evidence from larger parliamentary democracies suggests that these two parliamentarians would mostly vote against government bills. But in only a third of all respective final parliamentary votes, one or two members of the Landtag voted against a draft law tabled by the executive.

As to the fifth assumption (“Broad majorities in the small state parliament frequently decide even disputed issues”), it is noteworthy that in case of more than 30 contributions to the plenary discussion of a bill, 25% of the respective decisions were still adopted unanimously and another quarter with just one or two “no” votes. Obviously, parliamentarians in Liechtenstein often compromise or agree on much-debated initiatives. They frequently seem to do so implicitly, i.e. without notable political negotiations. 48% of the politicians who participated in the survey perceived consensus-oriented bargaining among important political actors to be decisive with regard to fiercely disputed laws.

Regarding the sixth working hypothesis (“The cleavage ‘coalition parties versus opposition parties’ is rather weak in the small state parliament”), it should be emphasized once again that oppositional parliamentarians not uncommonly vote with the majority. In only 11% of all majority votes the typical coalition/opposition cleavage was clearly recognizable. The politicians’ perception of the importance of party competition differs. With regard to undisputed laws, 52% of the members of parliament who participated in the survey stated that political decision-making is characterized by party competition. 86% of these politicians believed that party competition plays an essential role when the parliament has to decide on
rather disputed legal acts. However, the parliamentarians’ voting behavior shows that clear-
cut majorities along the coalition/opposition cleavage tend to be rather rare.
As to the seventh assumption (“party unity in small state parliamentary decision-making is
rather weak”), it is remarkable that individual FBP and VU politicians quite often do not vote
with the majority of their parliamentary groups. Admittedly, there was no pressing need
during the legislative period 2009-2012 because of the grand coalition’s large majority.
Nevertheless, in almost two thirds of all majority votes with one or two “no” votes, members
of the coalition parties dissented from the parliament’s and their parties’ majority. In case of
more than two “no” votes, the dissenters more often came from FBP and/or VU (53%) than
from both coalition and opposition parties (38%). Thus, parliamentarians in Liechtenstein
show a significantly more volatile voting behavior than evidence from many larger
parliamentary democracies suggests.

6 Conclusion

This chapter aimed at combining approaches from small state literature with selected
governance typologies in order to explore patterns of governance in the legislatures of (very)
small countries. Assumptions on the key independent variable (small stateness) were derived
from small state theory whereas governance theory provided an analytical framework to
explore the dependent variable (i.e. modes of governance influenced by small state
characteristics). I expected to particularly observe strong hierarchy, (quasi-) consensual
decision-making, and rather weak party competition in the law-making processes of small
state parliaments. Seven more concrete working hypotheses were formulated on the basis of
these initial assumptions. They were preliminary tested with regard to the parliament of
Liechtenstein. Thus, this chapter only presented a single empirical case study, but at least an
exploratory in-depth analysis was possible by means of a comprehensive data set on
parliamentary decision-making and a complementary elite survey.
Regarding the case of Liechtenstein during the legislative period 2009-2012, the explanatory
power of the assumptions outlined above is exceptional. In summary, it can be stated that the
principality’s law-making tends to be characterized by consensus-oriented hierarchical
governance (cf. Wolf 2013, p. 29). Admittedly, Liechtenstein is such a diminutive country
that small state characteristics can be supposed to have particularly strong effects on politics.
In larger small states, the respective effects of small stateness may be weaker or may be
neutralized or distorted by other factors. Moreover, the observed patterns of governance in the
Landtag could be mainly a result of a specific and unique political culture and/or institutional setting which emerged independently from the country’s size (although this is rather unlikely, of course). By combining small state theory and governance theory, this chapter contributed to “theory-formation in political science” (Christmas-Møller 1983, p. 36). In order to test the generalizability of the outlined hypotheses on governance in small state legislatures, they should be applied to more small countries and particularly to other microstates in the future. As to Liechtenstein, the pre-parliamentary stages of law-making – especially the consultation proceedings – and the processes between the first and the second reading deserve closer scientific attention.

Bibliography


