

Small States in the Age of Global Flows

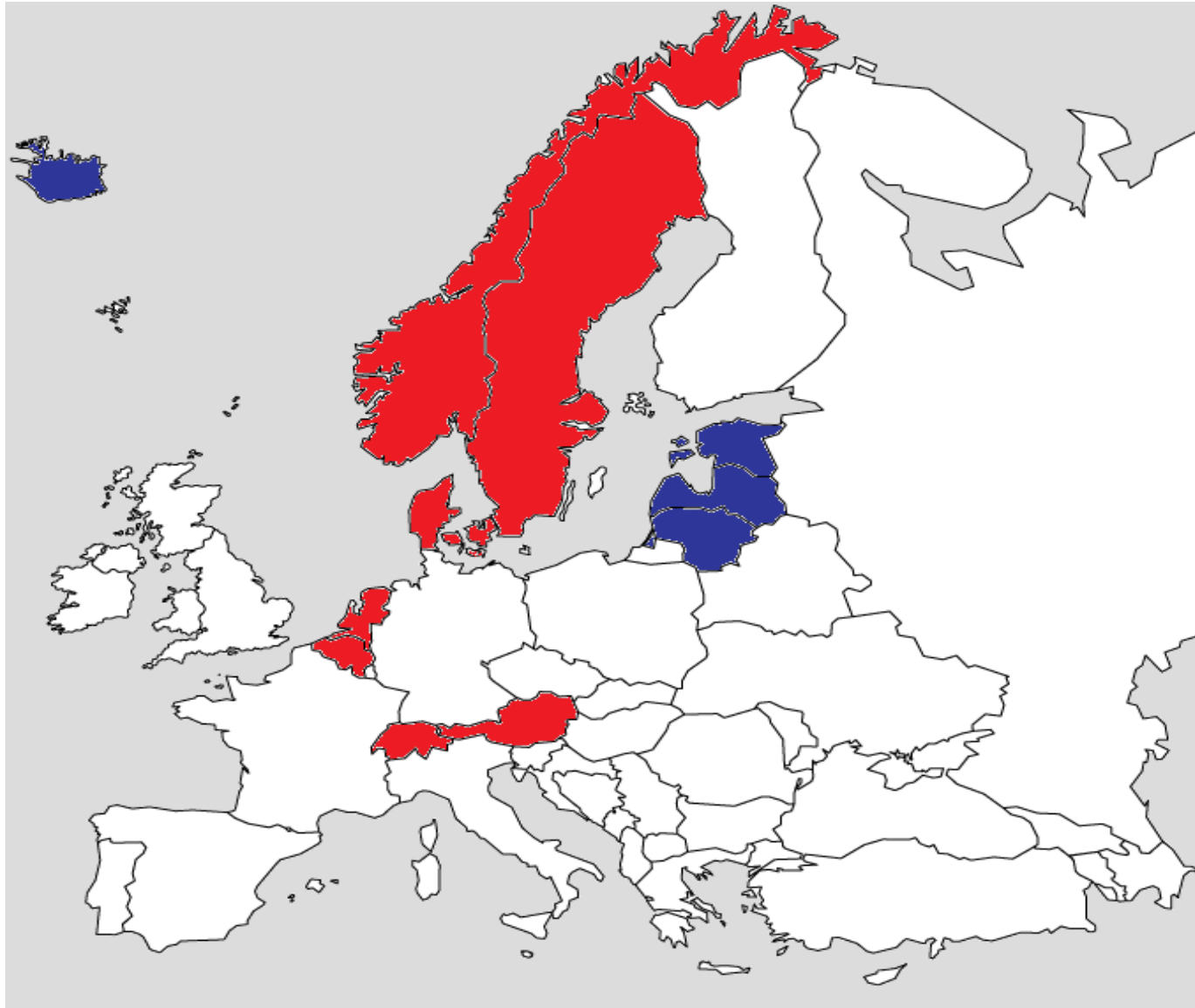
New-Liberal Small States and Economic Crisis: Lessons for Democratic Corporatism

Baldur Thorhallsson

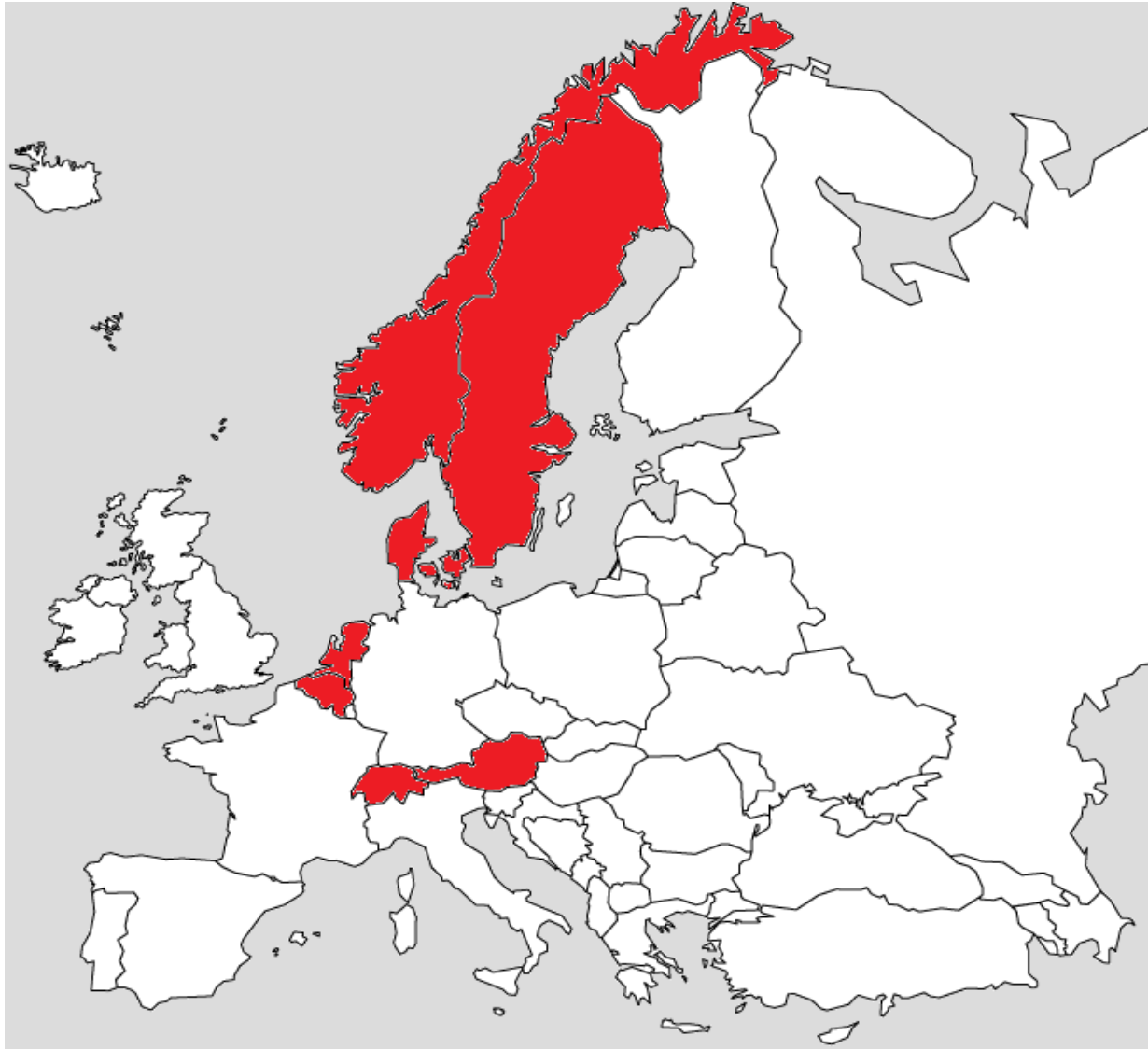
Professor of Political Science- University of Iceland

ISA Toronto - 27 March 2014

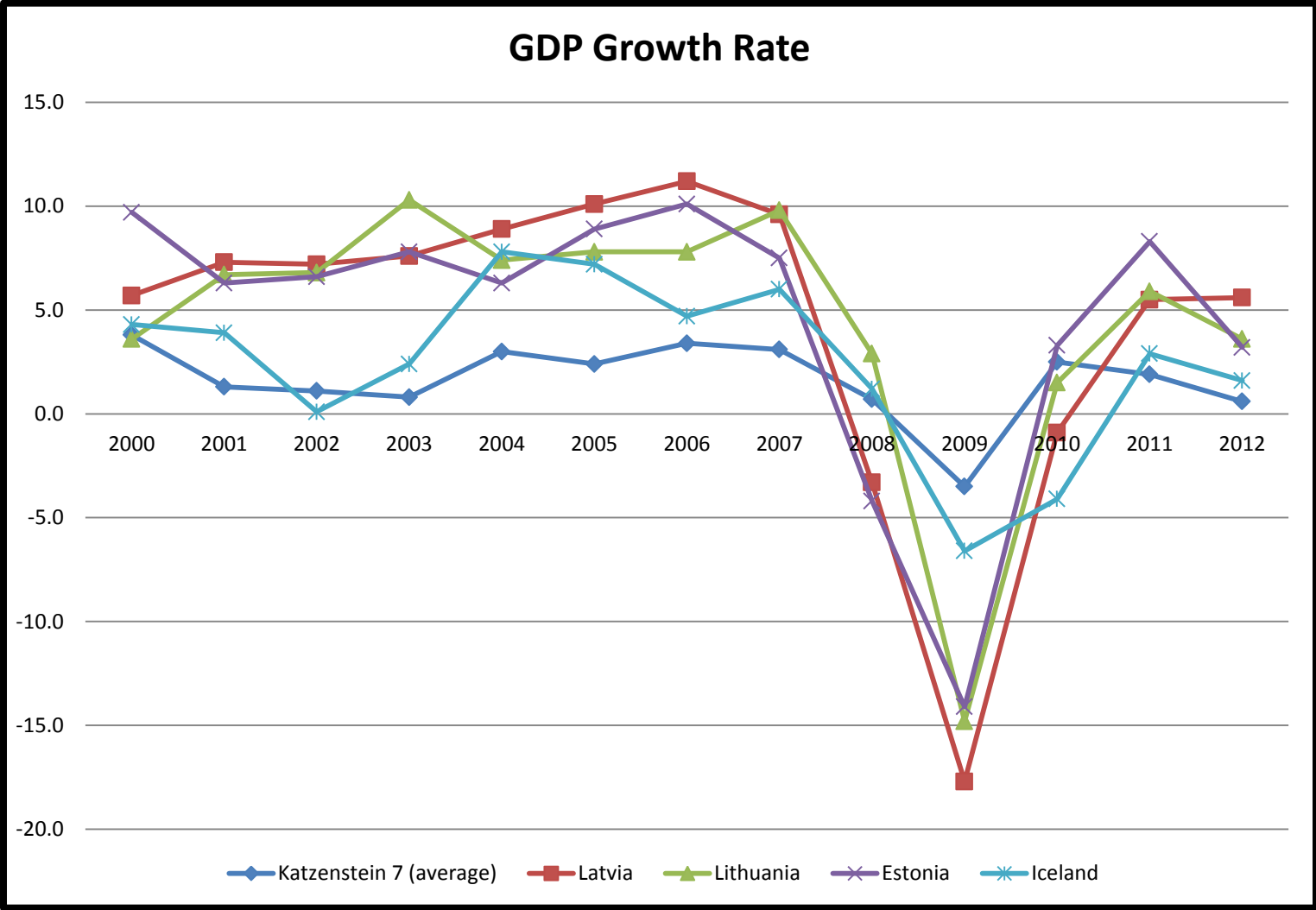
The Baltic states and Iceland versus the seven corporatist small states



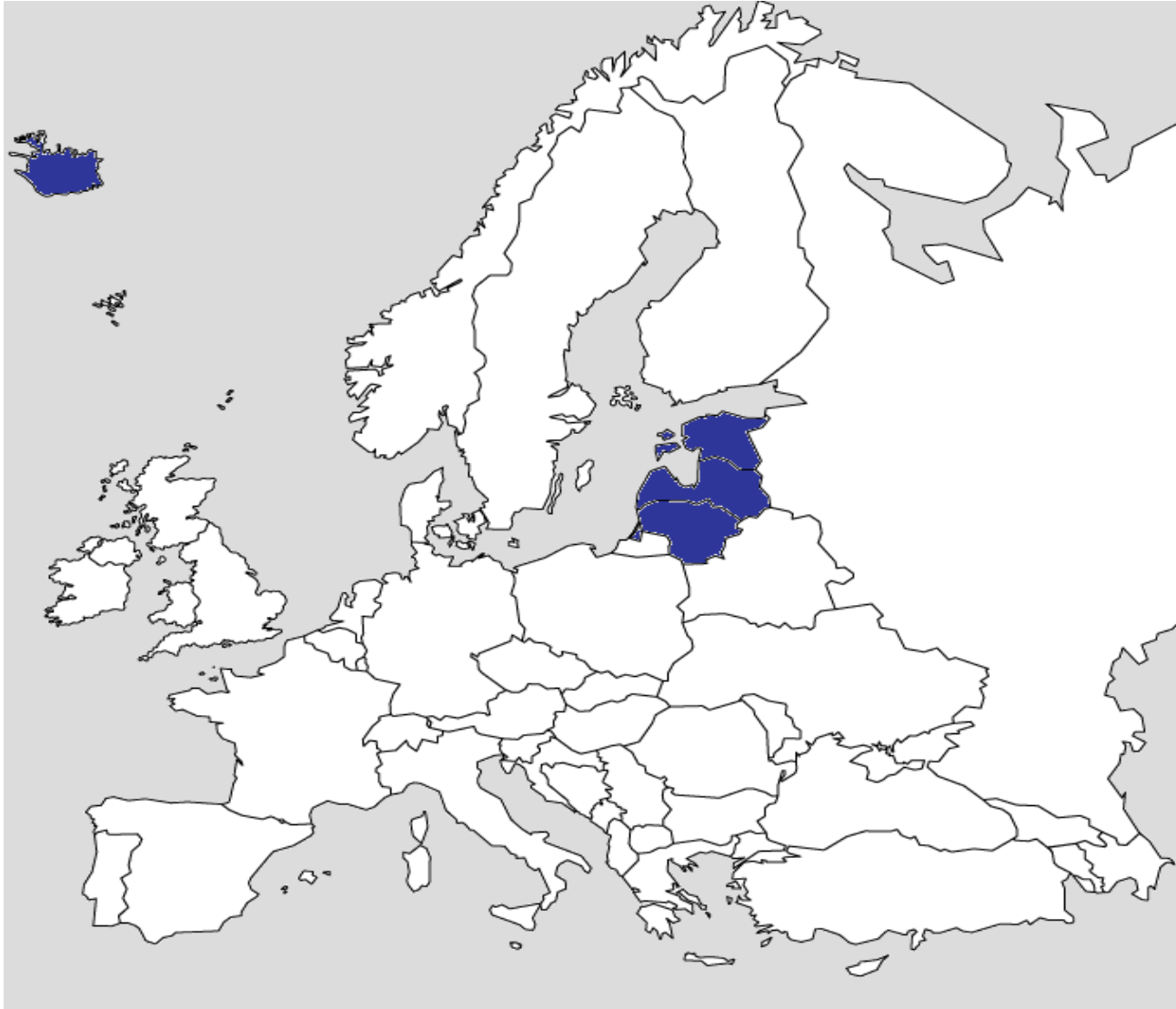
Katzenstein's seven corporatist small states



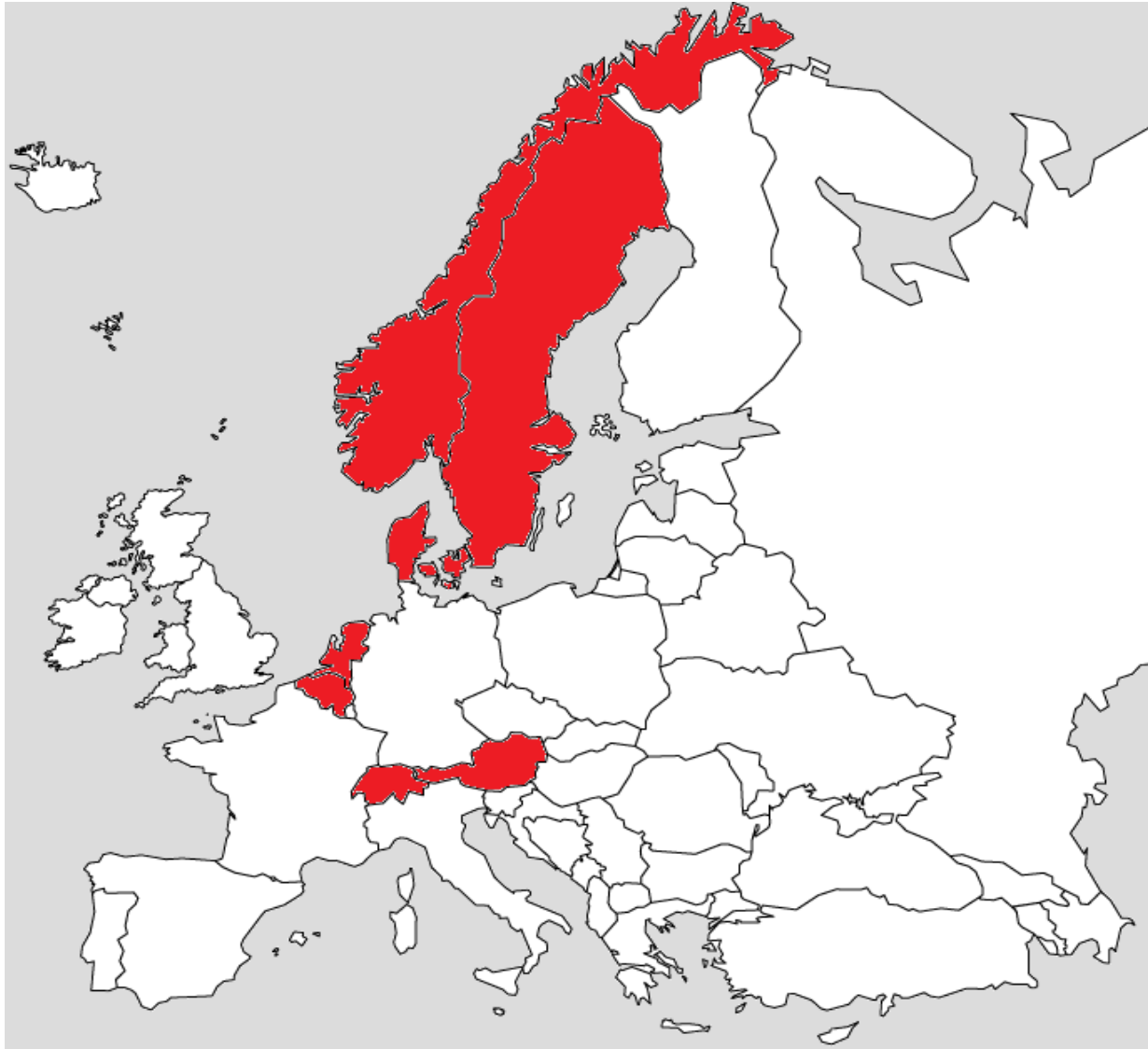
GDP growth rate (at market prices) in European small economies, 2000–2012. 7 small states average compared with Lithuania, Latvia, Estonia and Iceland.



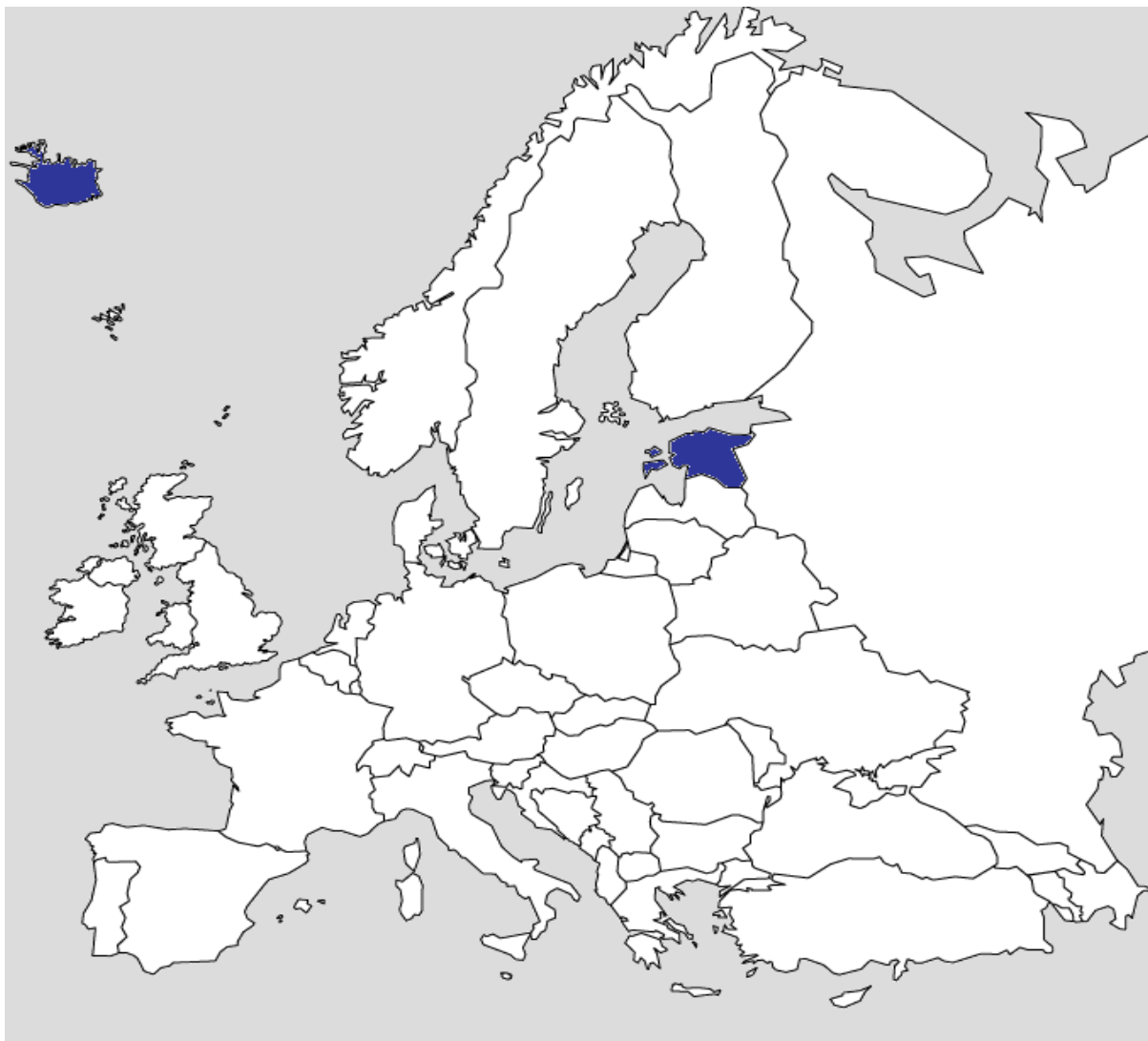
The Baltic states and Iceland



Katzenstein's seven corporatist small states



Estonia and Iceland



Estonia and Iceland versus the seven corporatist small states

- **Lack of corporatism made Estonia and Iceland vulnerable**
- **Non-corporatist, neo-liberal political features deepened the economic crisis – and social unrest/political instability**
- **Political choice / policy choice**
- **Corporatist domestic arrangements limit external economic risks**
- **Best to enter the neo-liberal international economy with a corporatist set of structures**

