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ECONOMIC VULNERABILITY OF SMALL POWERS

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Abstract

The purpose of this article is to identify the national security challenges of a small state, to highlight their external and internal aspects; based on the research, develop a rational economic and political strategy for small powers. The paper is based on the analysis and synthesis of various fundamental literature and specific statistical data. The paper draws conclusions using cause-and-effect relationships of facts. Important conclusions and recommendations are presented on key issues and challenges around small countries. This article concerns countries with small powers and their essential features – especially security, economic development, political stability, and foreign policy. It is also well understood today that threats of a military and non-military nature are closely linked and that the aggravation of one leads to the aggravation of another. The systemic approach has taken root in the study of security issues, which involves discussing not just one but all of the potential threats in relation to one another and in one another's context. The results of this study indicate that no matter how flexible a small country's foreign policy is and how quickly it responds to changing conditions and events, it must still define its own strategic goal and make strategic choices. In determining its own national security priorities and foreign policy strategy, a small country must be more precise and infallible than a strong one. A small state that makes the wrong choice in its survival strategy is usually doomed.

Key words

small states, economic freedom, national security, GDP per capita, political instability.

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1. Introduction

In the modern international system, international relations are very different from those in the past. Yet, a small country often does not prosper, especially in the early stages of its independence. The example of the smallest countries proves that it is difficult to maintain independence. Their fate is often tragic, but sometimes there are also examples of the manifestation of astonishing strength and courage, political, economic, and cultural ability.

In the study of international relations, it has become a tradition to discuss the role, place, and foreign policy of large, powerful states, and to study the whole international political, economic, and other relations, military-strategic and security issues, considering such countries in the first place. Such a tradition should not come as a surprise, because the character and dynamics of the international system are determined by the role and actions of the largest, most powerful countries.

Nevertheless, the number of studies on the problems of low-power countries in the special literature on international economic relations is slowly but surely growing. As of today, there are more than 120 countries on Earth with very small forces that are very different from one another. This is what prevents the creation of an accurate portrait of a country with small power. Nowadays, many small countries (Switzerland, Israel, Singapore, Denmark, Sweden, Luxembourg, Iceland, Ireland, etc.) are distinguished by amazing achievements. It should also be directly mentioned that the separation of small countries into a separate class or type has become a difficult problem. In specialist literature, the view has been established that a small country is a weak political unit with military-political capabilities, and among its quantitative characteristics, the population is still the most important (Zablotsky, 1996).

Most experts categorize small countries with populations of less than 15 million (Barston, 1971; Kuznets, 1960; Marriott, 1943). Nevertheless, in order to create a portrait of small states, the indicators of their territorial size and population alone will not be enough. There is also a need for other variables (strategically, economically and politically favorable geographical location of the country, and its domestic political situation, etc.), which reflect the structure of the international system at the moment. On the whole, we can refer to a small country as a state that perceives itself as militarily and politically helpless and dependent on the will of others. Recognition of oneself and one's own weakness in a small country is the basis of the foreign economic and political principles of such countries (Steinmetz, 2016).

The emergence and existence of a small country is determined by objective geographical, political, ethnic or economic factors, and one of the important reasons for their existence is the desire and interest of large, powerful countries. The mechanism of balance of power also participates in maintaining the stability of the international system, and thanks to it, the existence of small countries at the regional and global levels is a functional necessity. When the balance of power mechanism undergoes major changes, it is then that dramatic events occur that affect small countries in the first place. Under a policy of force, a small country should expect nothing good from a strong neighbor. If a strong neighbor is an economically developed, democratic state, then its impact on a small neighbor most often takes the form of economic expansion (Ades, Chua, 1997).

The link between political instability and economic development in small states is revisited in this research. This is because we believe the profession has so far been unable to address the basic issues underlying the negative link between political

instability and economic development. What are the primary pathways of transmission from political instability to economic growth? How significant are the consequences of political instability for the key drivers of growth, namely total factor productivity and the buildup of physical and human capital? Our findings are remarkably conclusive: as previously observed, political instability dramatically decreases economic growth rates. Political instability also has an impact on growth via physical and human capital accumulation, with the former having a somewhat higher impact than the latter. These findings help to explain why political instability is bad for economic progress. It implies that small nations must confront political insecurity by addressing its core causes and striving to offset its impact on the quality and sustainability of economic policies that promote progress.

2. Methodological foundations

2.1. The research methods

The paper is based on the analysis and synthesis of various fundamental literature and specific statistical data. The paper draws conclusions using cause-and-effect relationships of facts. The defining aspects of small countries in the world are synthesized and they describe common trends. In particular, the indicators of economic development and political stability of small countries are examined on the basis of statistical information from the World Bank and the Heritage Foundation as well as forecasts and analyses provided in relevant materials about small countries around the world. At the end of the paper, important conclusions and recommendations are presented on key issues and challenges around small countries.

The superior research question is supported by a leading research question that defines, in an operational sense, the scope and content of the paper:

- Does a country's territory size, population size, level of internal cohesion, culture, military capabilities, place and role in the international political system, and/or other factors determine a country's level of social-economic development?

Based on this concept, additional research questions have been formulated:

- Is there a correlation between the level of economic freedom and the level of political stability of countries?
- Is it possible to avoid aggression committed by powerful states against small power states?
- Has the role of international law and international organizations increased in international relations, world economic, and political life?

- Can small power countries consider economic linkages, stability, and export security as national interests and security priorities?

The fundamental research of the mentioned issues is the basis of further research of this work. It should be emphasized that the study of such countries pays the most attention to their viability, survival, and ability to find their place and function in the international system, the conditions necessary to achieve these goals, and the specific characteristics and methods of their foreign policy that ensure these goals.

We tried to rank the Top 50 countries with GDP per capita, the Top 60 countries with the Economic Freedom Index, and the Top 40 countries with the Political Stability Index. We first ranked the countries by GDP per capita and the Index of Economic Freedom, and then we ranked the countries according to the political stability index.

In the majority of the countries represented in the table below (Table 1), the population ranges from 1 million to 50 million people. When ranking, it is practically impossible to separate any groupings, or clusters from them. Moreover, the line between the so-called medium and small countries is not clearly visible.

In these ratings, as we can see, the statistical method has brought together countries with completely different characteristics of economic development, level of political stability, and weight in international politics. Nevertheless, given the above ratings, the picture is clear: most of the given ratings turned out to be a country with little power. However, there is a significant correlation between GDP per capita, the country's economic freedom index, and the level of political stability (Aisen, Veiga, 2011).

2.2. Literature Review

Several notable papers by the numerous authors have been published on the economic potential of small countries and the economic relations between strong and weak states (among others: Acemoglu et al., 2003; Aisen, Veiga, 2011; Allard et al., 2012; Armstrong, Read, 2002; Asiedu, 2006; Azeng, Yogo, 2013; Barro, 1991; Barston, 1971; Brada et al., 2006; Cornell, 2005; Eriksson, Pettersson, 2017; Feng, 2001; Fredriksson, Svensson, 2003; Ingebritsen et al., 2012; Katzenstein, 2016; Kurecic, Kokotovic, 2017; Neumann, Gstöhl, 2004; Posner, 1997; Roe, Siegel, 2011; Rondeli, 2009; Schwarz, 1994; Selwyn, 2014; Steinmetz, 2016; Strachan, 2018; Thorhallson, 2017; Uddin et al., 2017; van de Walle, 1998; Veenendaal, Corbett, 2015; Veshapidze et al., 2021; Witte et al., 2020). The American scientist P.J. Katzenstein (2016) studied the process of adaptation and integration of small developed European countries into the

world market. In his book, *Small States in World Markets*, he showed in what ways and using which mechanisms developed small European countries managed to successfully engage in integration processes without harm to themselves, despite their open economy and extreme dependence on the world market (for example, Switzerland, Norway, Denmark, Netherlands, Finland, Austria, Belgium). At the same time, he observes that in a globalized world, small countries, if they are properly developed and choose an effective strategy of development, adaptation to the changing environment, they will be able to develop a dynamic economy in an ever-changing economic environment (Katzenstein, 2016; Abuselidze, 2019).

R.P. Barston (1971) made a significant contribution to the study of the problems of small countries with his work, *The External Relations of Small States*. This paper is an analysis of the research of small countries and the existing experience. This article investigates the subtexts of small-state foreign policy and the factors that influence small-state foreign policymaking. It calls into question how small powers are positioned in international relations in comparison to other players, such as large powers. The study is predicated on the notion that small powers are relatively constrained by domestic and external factors, which are the driving forces behind foreign relations agendas. The research seeks to establish how a state's smallness might be a burden, and how small states can overcome their constraints.

It has been repeatedly mentioned that many researchers still doubt the viability of small countries. Such doubts exist not only because of the military-political weakness of small countries, their military vulnerability, but also because of widespread beliefs about a lack of their economic prospects. This happens when people in many large, militarily and politically powerful, influential countries fare much worse than in some smaller countries (Aisen, Veiga, 2011; Brada et al., 2006; Ingebritsen et al., 2012). There are many examples of this in the world. Some of them have been discussed in this study.

In international economic relations, international trade has become the main arena for every country (Allard et al., 2012). The deepening of the process of international division of labor and the increase in the volume of international trade have put all countries in the grip of economic competition (Fredriksson, Svensson, 2003; Acemoglu et al., 2003). In the past, when customs tariffs were high and countries followed the policy of neo-mercantilism, the internal market of large states, its large capacity, meant a lot (Selwyn, 2014; Posner, 1997; Strachan, 2018). Currently, the market has become global, and the capacity of the domestic market of individual countries no longer has the former importance. The time has come when, upon creation of a new state,

the question is not how viable it is, but whether it will be able to find its place in the global system (Kurecic, Kokotovic, 2017; Steinmetz, 2016; Roe, Siegel, 2011). Therefore, it has already become clear that small countries are not doomed from the economic point of view, and many of them can achieve the status of a highly developed country in this regard.

As for the economic specialization of the small country, it is narrow; it does not feel safe due to the unstable conjuncture of the international market, its unpredictability and uncertainty (Azeng, Yogo, 2013; Neumann, Gstöhl, 2004; Witte et al., 2020). If its export products fail to open for various reasons (the appearance of a competitor, changing technology, market saturation, etc.), consequences for a small country can be extremely negative, sometimes even catastrophic. It is especially important for a small country that its export geography be as wide as possible, so that it will be able to more or less mitigate the negative consequences caused by fluctuations in the international market.

The most notable work on the problems of small, weak countries is the work of researchers H.W. Armstrong and R. Read (2002). These authors' work is distinguished both in terms of the scale of the research and in terms of theoretical depth, and it has occupied a proper place in the literature dedicated to small countries.

The recent work of G. Eriksson and U. Pettersson (2017) in the 2010s deserves special attention; special operations geared on addressing the security concerns of tiny nations: future security problems. The book discusses the theoretical aspects of the security of small states for the transition period from a bipolar international system to a new situation. The work focuses on maintaining the economic and political sovereignty of small states in the context of increased interdependence and integration (Eriksson, Pettersson, 2017).

W.P. Veenendaal and J. Corbett' paper published in 2015, *Why small states offer important answers to large questions*. Comparative Political Studies, is devoted to various aspects of the national security of small countries under the new conditions. In this paper, the authors discuss the new conditions created for small countries in the post-Cold War world and the possible foreign policy strategy of such countries (Veenendaal, Corbett, 2015).

The historically new conditions of small European countries and the influence of their modern integration policies are reflected in a very remarkable work by Steinmetz: *Small states in Europe: challenges and opportunities* (2016).

Also interesting is the book *The New Caucasus: Armenia, Azerbaijan and Georgia* by the British scholar Herzog, published in 1999, which is the only monograph dedicated to the three young post-Soviet states of the South Caucasus. It should be

noted that Herzog's work is an attempt at comparative analysis and is thus particularly valuable. Herzog offers a comprehensive analysis of the initial stages of the sovereign existence of the three small states of the South Caucasus (Herzog, 1999).

At the beginning of the 21st century, an extensive monograph by the Swedish scholar S.E. Cornell (2005) was published, *Small nations and great powers: A Study of ethno-political conflict in the Caucasus*, which was devoted to the problems of small countries in the Caucasus (Cornell, 2005). It is also noteworthy that S.E. Cornell (2002) devoted his doctoral dissertation (*Autonomy and conflict: ethno-territoriality and separatism in the South Caucasus-cases in Georgia*, 2002) to the conflicts in Georgia, which enabled him to draw important conclusions about the prospects and challenges of small countries. In this paper, the author boldly argues against the general views, and using the example of Georgia, he argues that autonomy and, in general, ethno-territorial arrangement contribute to separatism (Cornell, 2002).

3. Results and discussion

3.1. Theoretical background: geoeconomics and geopolitical challenges in small states

There are large differences in terms of size, population, level of economic development, military-political strength, and other characteristics between more than 200 currently existing sovereign states. In our study, we tried to group countries according to economic development and political stability (Alesina et al., 1996), to characterize them according to specific features of national security and foreign policy, as well as their place, function, and role in the international economic and political system (Acemoglu et al., 2003).

Big and small, strong and weak states since the moment of their emergence find themselves in a world of inequality, violence, and differences in development rates and temperaments further increasing the disproportions in the distribution of power and wealth.

One very important circumstance should be mentioned here, which has had a great impact on the international community and, first of all, on small and weak countries. It is a new, growing role of international law and international organizations in global relations, in world economic and political life (Barro, 1991). With the introduction of new laws and standards of state conduct, the status of these nations has greatly improved in the international system. This technique started after the nineteenth century. Nations' right to self-determination, states' sovereign rights on their territory, state equality in

international organizations, state equality under international law, and, most crucially, a negative attitude against the use of force have progressively evolved (Acemoglu et al., 2003).

Since the 1920s, aggression against small states has become an awkward thing for powerful states. In each case, in order to justify its aggression, a powerful country is forced to declare a hostile act (attack) committed by a small country and thus create a moral basis for its actions in the eyes of the world community (Uddin et al., 2017). It is hard to believe that a weak country would be the first to use force against a country much stronger than it; it is well known that many of such incidents over the last century have been arranged or provoked by powerful aggressors in order to justify their future aggression morally (Witte et al., 2020; Allard et al., 2012). On August 7, 2008, the long-term conflict between Russia and Georgia turned into an open military aggression by Russia on the territory of Georgia (recognized by the world community of nations and by international organizations), which resulted in hundreds of casualties, ethnic cleansing and the occupation of two regions of Georgia by Russia (Rondeli, 2009; Zoidze, 2021b).

In the context of the internationalization of economic life, the domestic and foreign policies of states have become increasingly intertwined and interdependent. Compared to large countries, small countries with more open and less diversified economies are greatly influenced by interdependence and integration processes. As a result, their foreign policy is becoming increasingly economy-based, and foreign trade issues are becoming crucial for small, weak countries. The issues of ensuring the stability of economic ties and ensuring exports have taken a prominent place in the national interests and security priorities of small countries (Rondeli, 2009).

Based on the concept of complex interdependence, the geopolitical space is gradually becoming geoeconomics and future conflicts are gaining more economic than political character (Luttwak, 1990). The vast majority of small countries are so economically and politically weak and helpless that without radical changes in the world economy and politics, it is doomed to a subjugated and exploited position (Goldsmith, 1987).

3.2. Small states and economic security

Even large countries will not be able to pursue economic isolationism in the conditions of economic interdependence, economization of international relations, and the old-fashioned application of the principle of economic self-sufficiency. In the conditions of the modern world economy, the

economic policy of small countries lies in occupying favorable positions in the international trade system and is determined by the sharply increased level of dependence on international markets (Strachan, 2018). Under such conditions, setting economic security goals and criteria is a difficult task. However, it is still too early to argue that the security interests of countries have completely overshadowed the interests of economic integration and that the need to ensure economic security has disappeared (Zoidze, 2021b).

Economic security in nations' national security systems is clearly developing new indicators and dimensions at this time. Previously, it meant maximizing the country's economic diversity and self-sufficiency. Today, economic security is increasingly decided by one's capacity to adapt to changing international economic conditions, market dynamics, and to find one's place and role within the systems of worldwide labor distribution and active trade.

If the country's economy is developed with modern industries and technologies, the maintenance and growth of the cultural and professional level of its labor resources is ensured by an effective system of education, then the problems of economic security of such a country will not be difficult (Veshapidze et al., 2021). Usually, the lack of natural resources is characteristic of small countries, and their main resource should be educated and qualified labor resources.

It is clear that defining the economic security priorities of small post-Soviet states (including Georgia) is a particularly difficult task, because the current political and economic processes in this area, their specificity is unique (there has never been a transition in history from the so-called socialist economy to the market) not only in terms of their security, but also the emergence of new economic and political units (Brada et al., 2006).

It should be noted that small countries differ in area, population, level of internal affiliation, culture, military capabilities, place in international political system, role, etc. They especially differ from one another in the level of economic development (Zoidze, 2021a).

Some small countries are in the top ten in terms of economic development. Most of them are among the most backward and poorest countries on earth (Uddin et al., 2017). In this regard, based on World Bank data, we can present the top 50 countries (+ Georgia) by GDP per capita (Table 1).

According to the GDP per capita data shown below, 37 of the top 50 countries have a population of less than 15 million. This situation suggests that the size of the country is not crucial to its socio-economic development (although, in the past, the opposite view was more accepted).

Tab. 1. Top 50 Countries + Georgia by GDP Per Capita and Their Population Statistics 2020.

Rank	Country	GDP Per Capita (\$)	Total Population	Population – More or Less Than 15 Million
1	Monaco	173,688	39,244	Less
2	Liechtenstein	172,814	38,137	Less
3	Luxembourg	116,356	630,419	Less
4	Switzerland	87,100	8,636,561	Less
5	Ireland	85,422	4,985,674	Less
6	Norway	67,330	5,379,475	Less
7	U. S. A.	63,207	331,501,080	More
8	Denmark	61,063	5,831,404	Less
9	Singapore	59,798	5,685,807	Less
10	Iceland	59,264	366,463	Less
11	Netherlands	52,396	17,441,500	More
12	Sweden	52,274	10,353,442	Less
13	Australia	51,680	25,693,267	More
14	Qatar	50,124	2,881,060	Less
15	Finland	48,755	5,529,543	Less
16	Austria	48,589	8,916,864	Less
17	San Marino	47,731	33,938	Less
18	Germany	46,253	83,160,871	More
19	Belgium	45,205	11,544,241	Less
20	Israel	44,178	9,215,100	Less
21	Canada	43,258	38,037,204	More
22	New Zealand	41,441	5,084,300	Less
23	U. K.	41,059	67,215,293	More
24	Andorra	40,897	77,265	Less
25	Japan	40,193	125,836,021	More
26	France	39,037	67,379,908	More
27	U. A. E.	36,285	9,890,400	Less
28	Italy	31,770	59,449,527	More
29	South Korea	31,598	51,836,239	More
30	Malta	28,423	515,332	Less
31	Cyprus	27,528	1,207,361	Less
32	Brunei	27,443	437,483	Less
33	Spain	27,056	47,363,419	More
34	Slovenia	25,490	2,102,419	Less
35	The Bahamas	25,194	393,248	Less
36	Estonia	23,054	1,329,479	Less
37	Czech Rep.	22,933	10,697,858	Less
38	Portugal	22,195	10,297,081	Less
39	Bahrain	20,410	1,701,583	Less
40	Lithuania	20,232	2,794,885	Less
41	Saudi Arabia	20,110	34,813,867	More
42	Slovak Rep.	19,267	5,458,827	Less
43	St. Kitts and Nevis	18,438	53,192	Less
44	Latvia	17,737	1,900,449	Less
45	Greece	17,647	10,700,556	Less
46	Hungary	15,980	9,750,149	Less
47	Poland	15,742	37,899,070	More
48	Uruguay	15,438	3,473,727	Less
49	Trinidad and Tobago	15,426	1,399,491	Less
50	Barbados	15,374	287,371	Less
106	Georgia	4,257	3,722,716	Less

Source. Compiled by the authors based on World Bank data.

According to the GDP per capita data shown below, 37 of the top 50 countries have a population of less than 15 million. This situation suggests that the size of the country is not crucial to its socio-economic development (although, in the past, the opposite view was more accepted). By now, it has become clear that small countries are not economically doomed and, in this regard, many of them can achieve the status of a highly developed country.

A similar picture is observed as regards the Economic Freedom Index (Table 2), where the majority

of the top 60 countries in the ranking are small countries. Nevertheless, it should also be noted that integration processes have created difficult problems even for developed small states. The openness of the economies of these types of countries has increased, and they have become extremely sensitive to external processes. At the same time, they managed to adapt to the new conditions. The economic and political elites of these countries began to develop their own economic strategy for adapting to changes at an early stage (Roe, Siegel, 2011).

Tab. 2. Top 60 States, Index of Economic Freedom 2022.

Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
1.	Singapore	84.4	21.	Czech Rep.	74.4	41.	Spain	68.2
2.	Switzerland	84.2	22.	Austria	73.8	42.	Malaysia	68.1
3.	Ireland	82.0	23.	Cyprus	72.9	43.	Israel	68.0
4.	New Zealand	80.6	24.	U.K.	72.7	44.	Qatar	67.7
5.	Luxembourg	80.6	25.	U.S.A.	72.1	45.	Croatia	67.6
6.	Taiwan	80.1	26.	Georgia	71.8	46.	Jamaica	67.4
7.	Estonia	80.0	27.	Malta	71.5	47.	Romania	67.1
8.	Netherlands	79.5	28.	Barbados	71.3	48.	Hungary	66.9
9.	Finland	78.3	29.	Bulgaria	71.0	49.	Cabo Verde	66.7
10.	Denmark	78.0	30.	Mauritius	70.9	50.	Albania	66.6
11.	Sweden	77.9	31.	Portugal	70.8	51.	Peru	66.5
12.	Australia	77.7	32.	Slovenia	70.5	52.	France	65.9
13.	Iceland	77.0	33.	U.A.E.	70.2	53.	North Macedonia	65.7
14.	Norway	76.9	34.	Uruguay	70.0	54.	St. Vincent and The Grenadines	65.7
15.	Canada	76.6	35.	Japan	69.9	55.	Costa Rica	65.4
16.	Germany	76.1	36.	Slovak Rep.	69.7	56.	Panama	65.4
27.	Lithuania	75.8	37.	Belgium	69.6	57.	Italy	65.4
18.	Latvia	74.8	38.	The Bahamas	68.7	58.	Armenia	65.3
19.	South Korea	74.6	39.	Poland	68.7	59.	Serbia	65.2
20.	Chile	74.4	40.	Samoa	68.3	60.	Colombia	65.1

Source. Miller et al., 2022.

Free trade and the internationalization of economic life frighten many people. They think that small countries will be further weakened as a result of this process, but the current situation shows that small countries remain the most profitable from free trade mechanisms (Table 2).

Economic freedom is everyone's inalienable right to control their own lives, property, and employment. People are free to work, produce, consume, and invest

whatever they see fit in a society that is economically free (Alesina, Perotti, 1996). Governments in nations with free markets for goods, services, and labor do not use coercive measures or otherwise restrict freedom beyond what is necessary to protect and preserve liberty itself. According to T. Miller et al. (2022), the Index of Economic Freedom contains 4 indicators, which in turn include 12 qualitative and quantitative factors (Table 3).

Tab. 3. Indicators and Factors of the Economic Freedom Index.

No	Indicator	Factor 1	Factor 2	Factor 3
1.	Rule of Law	Property rights	Government integrity	Judicial effectiveness
2.	Government Size	Government spending	Tax burden	Fiscal health
3.	Regulatory Efficiency	Business freedom	Labor freedom	Monetary freedom
4.	Open Markets	Trade freedom	Investment freedom	Financial freedom

Source. Miller et al., 2022.

Having more economic freedom makes one richer. The relationship between economic freedom and a variety of advantageous social and economic objectives is examined through the Index of Economic Freedom. Economic freedom theories have a strong correlation with wealthier countries, cleaner surroundings, higher levels of human progress, democracy, and the eradication of poverty (Miller et al., 2022).

The steady growth of international trade has strengthened manufacturing specialization. Small states were forced to move to even narrower specializations, which further increased their dependence on the international market. Instead, resultant specialization ensured their development. Specialization must be followed by efficiency. If a small country has established itself in the

international market through effective specialization, its economic development will steadily increase.

3.3. Small states and political stability

Highly developed small countries have achieved results not only through the efficient use of their own resources and capabilities, but also through a well-designed economic strategy, the essence of which has been to maintain a balance between economic flexibility and political stability (De Haan, Siermann, 1996). Therefore, Table 4 presents the Political Stability and Absence of Violence/Terrorism Index developed by the World Bank and Worldwide Governance Indicators, which ranges from around -2.5 (poor) to 2.5 (strong).

Tab. 4. Top 40 States, Political Stability and Absence of Violence/Terrorism, Dynamics of 2002–2020.

Rank	Country	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020
1.	Singapore	1.26	1.09	1.25	1.35	1.17	1.37	1.19	1.50	1.49	1.47
2.	Switzerland	1.54	1.23	1.27	1.22	1.26	1.42	1.40	1.31	1.33	1.19
3.	Ireland	1.51	1.17	1.19	1.19	1.02	0.94	1.05	0.85	1.02	0.98
4.	New Zealand	1.32	1.50	1.26	1.16	1.24	1.36	1.47	1.52	1.53	1.49
5.	Luxembourg	1.64	1.32	1.40	1.51	1.46	1.33	1.38	1.42	1.36	1.23
6.	Taiwan	0.70	0.61	0.68	0.84	0.86	0.89	0.77	0.93	0.85	0.77
7.	Estonia	0.93	0.70	0.74	0.57	0.66	0.64	0.78	0.67	0.59	0.71
8.	Netherlands	1.31	1.02	0.90	0.87	0.94	1.19	1.05	0.91	0.85	0.85
9.	Finland	1.76	1.62	1.50	1.45	1.42	1.40	1.28	1.00	0.91	0.94
10.	Denmark	1.53	1.09	1.05	1.07	1.04	0.91	0.95	0.87	0.95	0.94
11.	Sweden	1.48	1.36	1.29	1.13	1.09	1.17	1.07	1.02	0.94	1.02
12.	Australia	1.19	0.94	0.94	0.96	0.89	1.00	1.03	1.05	0.99	0.85
13.	Iceland	1.62	1.46	1.45	1.22	1.02	1.25	1.25	1.36	1.41	1.39
14.	Norway	1.61	1.20	1.25	1.29	1.33	1.33	1.12	1.20	1.14	1.25
15.	Canada	1.22	0.88	1.04	1.04	0.94	1.11	1.18	1.26	0.98	1.11
16.	Germany	1.10	0.64	1.03	0.95	0.80	0.78	0.93	0.68	0.59	0.67
17.	Lithuania	0.89	0.77	0.87	0.75	0.72	0.79	0.74	0.83	0.74	0.87
18.	Latvia	0.94	0.62	0.84	0.20	0.53	0.45	0.49	0.48	0.41	0.46
19.	South Korea	0.24	0.43	0.42	0.42	0.33	0.27	0.11	0.16	0.64	0.56
20.	Chile	1.09	0.69	0.61	0.43	0.68	0.33	0.45	0.41	0.43	0.07
21.	Czech Rep.	1.05	0.65	1.05	1.05	0.99	1.05	0.99	0.98	1.03	0.92
22.	Austria	1.36	1.09	1.08	1.34	1.15	1.34	1.27	0.91	0.90	0.85
23.	Cyprus	0.19	0.38	0.54	0.64	0.45	0.64	0.55	0.60	0.49	0.29
24.	UK	0.68	0.14	0.67	0.49	0.41	0.40	0.42	0.36	0.08	0.47
25.	USA	0.29	-0.23	0.49	0.59	0.44	0.63	0.58	0.40	0.42	-0.02
26.	Georgia	-1.19	-0.87	-0.96	-0.92	-0.72	-0.68	-0.32	-0.31	-0.44	-0.43
27.	Malta	1.60	1.32	1.23	1.27	1.25	1.07	1.13	1.08	1.28	0.95
28.	Barbados	1.10	1.10	0.91	1.07	1.06	1.19	1.28	0.98	0.91	1.13
29.	Bulgaria	0.47	0.00	0.40	0.37	0.36	0.38	0.08	0.08	0.46	0.47
30.	Mauritius	1.12	0.97	0.78	0.89	0.64	0.97	0.67	1.01	0.87	0.89
31.	Portugal	1.44	0.97	0.95	0.99	0.72	0.78	0.81	0.97	1.13	1.03
32.	Slovenia	1.30	1.08	1.08	1.15	0.87	0.94	0.97	0.99	0.90	0.71
33.	U.A.E.	0.93	0.77	0.92	0.70	0.80	0.86	0.77	0.56	0.70	0.63
34.	Uruguay	0.84	0.59	0.90	0.85	0.82	0.71	0.99	1.06	1.03	1.05
35.	Japan	1.18	1.03	1.14	0.89	0.88	0.95	0.97	0.98	1.05	1.04
36.	Slovak Rep.	0.94	0.59	0.78	1.08	1.05	1.09	1.04	0.72	0.74	0.64
37.	Belgium	1.26	0.71	0.86	0.62	0.81	0.92	0.70	0.44	0.40	0.59
38.	The Bahamas	0.96	0.89	0.81	0.77	0.99	1.18	0.96	0.98	0.86	0.85
39.	Poland	0.74	0.15	0.35	0.91	1.02	1.05	0.84	0.51	0.49	0.57
40.	Samoa	1.10	1.16	1.10	1.10	0.77	1.00	1.12	1.20	1.17	1.16

Source. World Bank, Worldwide Governance Indicators.

Every small power must carefully consider and define its military component of national security. A goal or priority with a full or partial military component to national security should be as clear and realistic as feasible; otherwise, a small state might not only harm its budget but also make a deadly error (for a small state all serious strategic mistakes can prove fatal).

First of all, small countries have to determine which goals and priorities their armed forces need for their national interests and national security (Allard et al., 2012). It should also determine the size and composition of the armed forces needed to achieve the objectives, or whether it is possible to have them (Veshapidze, Zoidze, 2022). The country must have a military doctrine that realistically reflects the international and regional situation, and the true national interests (Asiedu, 2006).

In addition, it is well known that the military always tries to convince the public that the military expenditures incurred by the state are insufficient and that they need more resources to ensure the vital interests of the country. This is especially harmful to a small country, because a large military budget will put an extremely heavy burden on it. It is true that in modern international relations, where the importance of economic and other non-military components is growing quite rapidly, the military component is still strong, and thus the military enjoys a certain priority.

In a state dominated by power politics and geopolitical interests, a small, weak country often served as a buffer, but in modern international economic conditions (internationalization and integration of economic life), a small state may now serve as a transit trade route, a transport corridor (Witte et al., 2020). For example, the 2000 Silk Road concept, which connected Asia, Europe and Africa across the transcontinental corridor, has inspired the Belt and Road Initiative strategic project in the 21st century. The implementation of this initiative will contribute to greater integration of its member countries (including Georgia and countries with similar small powers) in the international logistics system, stimulating trade and economic growth. This initiative will increase the role of small states in this transit corridor, contribute to their political stability and provide greater security guarantees (Abuselidze, 2021; Ji et al., 2021; Putkaradze et al., 2020).

In addition to these factors, large countries will have sufficient material and intellectual resources to collect and process information, which is why small countries are limited. A small country can neither have enough flexibility to respond to a changing environment, nor can it have sufficient means to

provide foreign policy information (Feng, 2001).

With the steady deepening of universal interdependence and the increasing involvement of each country in international relations, the gap between a small country's ability to obtain (as well as process) information and its increasing level of involvement in international affairs is growing steadily. Therefore, the foreign policy services of small countries should be highly flexible and professionally trained (Azeng, Yogo, 2013).

A small country with its modest capabilities and relatively narrow, local vision of international politics is naturally characterized by less ability to adapt to a changing environment (Chang, 2006). Therefore, a small country should try to join any powerful military alliance, which will allow it to gain more political and military information from stronger allies. Consequently, a small country should be involved as much as possible in ensuring its own security and prosperity through various international regimes, laws and norms (Mulder, Bussi re, 1999).

Also, special attention should be paid to the use of the Internet. It has become a serious tool of information security in the modern world. In this respect the capabilities of a small country are increasing. Thoughtful information policy is a powerful tool of a small country's foreign policy (Posner, 1997).

However, modern statehood, economic dynamism and prosperity cannot be achieved without an effective education system. Investing money in education is the most rewarding way to invest in the long run (Kurecic, Kokotovic, 2017). For the modern state, an educated, qualified population is the most important, determining factor. Any state depends on the ability of its population. The biggest resource is the ability of its population and the quality of education (this is especially true for a small country).

4. Conclusions

From the discussion of the economic aspects of small powers and the generalization of the existing views, the following recommendations can be formulated, but their implementation is a difficult task for any small country:

- the use of elements of comparative advantage associated with innovative and potentially powerful economic factors,
- adaptation to a daily changing environment,
- pursuit of effective policies in the field of education and science,
- increased involvement in international transit-logistics processes,

- creation of a favorable environment for business, including foreign investment,
- diversification of its own economy and exports,
- integration into international organizations,
- expansion of the geography of foreign trade,
- diversification of trade partner countries (not depending on just one trading partner).

Unfortunately, so far inadequate attention has been paid to the theoretical aspects of the foreign policy and national security problems of the new sovereign states (most of them small countries) emerging from the ruins of the Soviet Union (van de Walle, 1998). Most of these countries do not have sufficient experience of independent existence and proper strategic culture. Likewise, their foreign economic and political problems are extremely complex and acute, and their security and viability are based on a very weak foundation and are sometimes, in fact, questionable. Exploring such countries is a necessity today.

Oppression of the weak seems more and more immoral in the eyes of the international community. Yet, although there is still considerable difference

between the formal status of weak, small countries and their real strength today, some progress is still undeniable – the international status of weak countries and their solidarity has significantly strengthened.

At a higher stage of the international community, the security of weak countries and other economic and political interests will be better protected. It is in the true international community of states that the domination of the policy of force must end and the security of weak countries must be maximally protected (Fredriksson, Svensson, 2003). International law and international organizations create favorable conditions for small countries to exist and move forward. As a result, not only small powers are moving forward, but also international security is becoming stronger.

Finally, the lack of proper attention to education in the context of the advancement of information technology and the deepening process of globalization is tantamount to ignoring the essential problems of national security of the country.

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