

*Organizational choice: theoretical expectations versus reality*

VSC are to be assessed. The issue gains additional complexity when the impact of the political system on the economy of VSC is investigated.

Despite these problems, there are certain common features of the political systems in VSC:<sup>93</sup>

- The «distance» between politicians or bureaucrats and citizens is supposed to be very short, which means that the close net of social relationships ensures that nearly everyone knows at least one member of a relevant authority personally. Note that this fact may bring about advantages as well as disadvantages for the economy.
- As a result of this close net of social relationships, VSC are said to have political systems which tend to favor concordance or compromise over conflict, as is also common in federal units. An indicator corroborating this proposition might be the slightly smaller number of parties in VSC in comparison to larger countries.
- Formal structures of control are often replaced by informal social control because of the close social relationships. It is a philosophical question whether this informal social control curtails personal freedom.
- Resulting from the small number of possible candidates, the social and political system is characterized by a high degree of elite connectivity with ambiguous effects. E.g., there is a high risk of having (and perhaps promoting) personal interests in public policies due to the high degree of elite connectivity.

Dahl and Tufte (1973) conclude that open conflicts pose a severe threat to VSC and that their political systems are therefore designed to avoid conflict, whereas political systems of larger countries have more options to handle and moderate conflicts. If there is an open conflict, VSC are normally not prepared and equipped with adequate strategies to handle it.

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<sup>93</sup> See, e.g., Dahl and Tufte (1973), Geser (1991) and Geser (1993).