

**Thesis**  
**Master of Public Policy (International Programme)**

**Differentiating Small State Foreign Policy Strategies:  
Drivers and Limits of Small State Strategic Choice in  
Selecting Multilateral Strategies to Overcome Structural  
Vulnerabilities**

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## **Abstract**

If multilateral strategies allow small states to surmount their shared structural vulnerabilities, why do so few of them select these strategies? This question lies at the heart of this paper, which aims to differentiate the foreign policy choices of small states.

Although small states are frequently assumed to be ‘price-takers’ in the international system, the multilateral order grants them diplomatic space to use strategies such as niche diplomacy and coalition building to build resilience against their vulnerabilities. These strategies may grant the state strategic relevance, which allows them to influence their structural environment to strengthen multilateral norms.

This presents the central puzzle of this paper:

**If small states are guided by similar foreign policy imperatives and constraints, which give rise to a set of strategies that they can undertake in the multilateral order, why do only some states pursue these strategies, while many others do not?**

Ultimately, the strategic choices of small states can be modelled as a confluence of two variables – **the state’s political motivation to overcome its perceived vulnerabilities, and its foreign policy capacity to do so, as driving and enabling factors of foreign policy choice.**

On the one hand, **political motivation in the form of a strategic vision may stem from a sense of acute vulnerability, driven by a national narrative that accentuates perceived vulnerabilities grounded in a series of critical junctures.**

**(Hypothesis 1)**

On the other hand, **policy capacity may be essential for selecting and supporting multilateral strategies, given by power resources, political authority based on elite consensus, and bureaucratic capacity to execute the strategy. (Hypothesis 2)**

These hypotheses are tested in a comparative case study of Iceland as a divergent case against Singapore's multilateralist foreign policy posture. The case study yields findings that are summarised in a 2x2 'ideal-type' framework, explaining how particular combinations of political motivation and policy capacity support differing levels of small state engagement with multilateralism. The presence of both driving and enabling factors supports *proactive multilateralism*, while the absence of both lends itself to a self-reinforcing cycle of 'weak states' that leads a state to be *acquiescent* to its vulnerabilities. If policy capacity is insufficient and multilateralism is *ineffectual*, we can expect political motivation to lead the small state to pursue alternative strategies, and seek to develop its policy capacity. By contrast, a reduction in political motivation would imply that the state can turn to multilateral structures in times of crisis, but does so in a *limited and ad hoc* manner. This framework thus describes a spectrum of domestic conditions that can explain different degrees of engagement with multilateralism among small states despite similar structural sources of vulnerability.

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**List of Acronyms and Abbreviations**

3G	Global Governance Group (Informal coalition in the UN)
ACT	Accountability, Coherence and Transparency (Initiative in the UN)
AOSIS	Alliance of Small Island States
APEC	Asia-Pacific Economic Cooperation (Forum)
ASEAN	Association of Southeast Asian Nations
CANZ	Canada, Australia and New Zealand (Group in the UN)
DSM	Dispute Settlement Mechanism (WTO)
EEA	European Economic Area
EU	European Union
FOSS	Forum of Small States
G20	Group of 20
G77	Group of 77
ICAO	International Civil Aviation Organisation
INTERPOL	International Police Organization
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NPT	Nuclear Non-Proliferation Treaty
OSCE	Organization for Security and Cooperation in Europe
SIDS	Small Island Developing States
UK	United Kingdom
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNSC	United Nations Security Council
UNU	United Nations University
US	United States of America
USSR	Union of Soviet Socialist Republics; Soviet Union
WTO	World Trade Organization

## 1 Introduction

Small states have gained an increasing prominence in the international relations literature, especially with their proliferation following the end of the Cold War. However, they are often assumed to be ‘price-takers’ – they are bound to accept the international structure as given, and are vulnerable to system-wide forces without the power to influence the system on its own, a condition summarised by Keohane’s work on ‘system-ineffectual’ states that has been readily applied to small states.<sup>1</sup> The majority of small states continue to operate “below the threshold of global attention”, with little impact on the international system.<sup>2</sup> Consequently, the international relations literature on institutional choice has traditionally given scant attention to the strategic impact and diplomatic choice of small states, seeing as how they are assumed not to have a significant footprint in international politics.

Yet, historical experience in international organisations such as the United Nations (UN) has demonstrated a greater role for small states than previously seen or expected. Small states lead a number of coalitions in international organisations, such as negotiating or pressure groups like the Global Governance Group (3G) and small island developing states (SIDS) group, that have influenced the institution’s agenda

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<sup>1</sup> Robert O. Keohane, “Lilliputians' Dilemmas: Small States in International Politics,” *International Organization* 23, No. 2 (1969): 296.

<sup>2</sup> Anthony Payne, “Small States in the Global Politics of Development,” *The Round Table* 93, No. 376 (2004): 623.

<sup>2</sup> Anthony Payne, “Small States in the Global Politics of Development,” *The Round Table* 93, No. 376 (2004): 623. Sülleabháin, “Small States Bring Big Ideas to the United Nations,” *IPI Global*

and behaviour of major states.<sup>3</sup> Several of them have also gained recognition from major states as sources of specialised expertise, such as Singapore's good governance practices and Norway and Finland's reputation as conflict mediators. The growing impact of small states has been recognised across multilateral institutions, as noted by then Secretary-General of the UN Kofi Annan in a 1998 speech in Uruguay, who cited small states that play "central and innovative" roles in numerous issue areas.<sup>4</sup>

Accordingly, the international relations literature has begun to recognise that some small states have been able to exert limited influence on their immediate structural environment, especially within multilateral structures. Early works attempted to conceptualise the power of small states, viewing it as unconventional and bounded by institutionalised multilateral settings.<sup>5</sup> The literature has since expanded to account for specific instances of small state influence, as well as to construct broader theoretical frameworks to explain the foreign policy terrain of small states and their possibilities influencing their structural environment. These frameworks depart from a purely realist reading of power, to accommodate new forms of power represented by small states.

This paper focuses on the scholarship that deals with the structural opportunities that multilateralism grants small states to surmount their vulnerabilities, in terms of influencing behavioural change among larger powers and attaining roles of leadership in the international structure. Owing to the features of the multilateral world order,

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<sup>3</sup> Andrea Ó. Súilleabháin, "Small States Bring Big Ideas to the United Nations," *IPI Global Observatory*, International Peace Institute, 11 Jun 2013, <http://theglobalobservatory.org/analysis/517-small-states-bring-big-ideas-to-the-un.html>.

<sup>4</sup> Kofi Annan (speech, Joint Meeting of the Parliament of Uruguay, Montevideo, 15 Jul 1998).

<sup>5</sup> Alan Chong, and Matthias Maass, "Introduction: The Foreign Policy Power of Small States," *Cambridge Review of International Affairs* 23, No. 3 (2010): 381. (381-382)



small states are able to use strategies such as niche diplomacy and coalition building to strengthen their diplomatic resilience and position in the international system. Ultimately, these strategies are undertaken for the strategic relevance it potentially builds for the state, which serves to build resilience as a response to vulnerability.

If small states share similar sources of structural vulnerability, we may then expect them to similarly subscribe to these strategies for the resilience that they build. However, we observe that the majority of small states still do not avail themselves of these strategies, much less successfully enlarge their footprint in the multilateral structure. This provides the foundation for our central puzzle:

**If small states are guided by similar foreign policy imperatives and constraints, which give rise to a set of strategies that they can undertake in the multilateral order, why do only some states pursue these strategies, while many others do not?**

Thus, this paper builds on the literature's current understanding of the effect that small states may be capable of through multilateralism, by differentiating the domestic conditions that lead small states to select multilateral strategies or pursue policy alternatives. This analysis draws from the existing work on small state choice, to take as a key assumption the agency that small states possess in the multilateral environment. Ultimately, we find that small states' strategic choices can be modelled as a confluence of two variables – the state's political motivation to overcome its vulnerabilities, and its foreign policy capacity to do so.

On the one hand, the state's active participation in multilateral structures is founded on the political decision to pursue this foreign policy posture. We trace this as a response not only to structural sources of vulnerability, as has been well acknowledged in the literature, but more importantly to the state's perception of vulnerability. This perception is manifested in a strategic vision that embodies the preferences of the political elite responsible for policy-making – **a strategic vision for the small state to occupy a more active and resilient position in the multilateral order stems from a sense of acute and immediate vulnerability, driven by a national narrative that accentuates the vulnerabilities given by a series of critical junctures (Hypothesis 1)**. Conversely, a small state that does not perceive an existential threat may then be less likely to be driven towards multilateral strategies as a response.

On the other hand, political motivation as a driving factor for multilateral strategies is insufficient, without the policy capacity to support it. **We can expect that policy capacity is essential for selecting and supporting multilateral strategies, given by power resources, political authority based on elite consensus, and bureaucratic capacity to execute the strategy (Hypothesis 2)**. Possessing economic viability and political stability enables the state to act as a sovereign actor in the international system, supporting multilateral strategies fiscally and making independent foreign policy choices. Further to that, elite consensus founded on public support appears to be important in allowing the state to formulate a strategic vision and choose particular strategies associated with it. Finally, bureaucratic and administrative capacity is essential to give effect to political motivation, in the competence of diplomatic agents in executing the policy and the resources that they are given.

The reduction of either or both of these variables can therefore be expected to move a small state further from the selection of multilateral strategies as a response to their vulnerability. The hypotheses are tested in a comparative case study, that examines Iceland as a state with limited multilateral engagement, against Singapore's multilaterally oriented foreign policy posture.

Based on the interaction between the two variables in the case study, this paper proposes a 2x2 typology of small state choice for multilateral strategies, which acts as a framework for understanding how particular combinations of political motivation and policy capacity support differing levels of engagement with multilateralism. While *proactive multilateralism* is supported by both driving and enabling factors, the opposite lends itself to a self-reinforcing cycle of low capacity and absent strategic vision, that leads a state to be *acquiescent* towards its vulnerabilities. Further to this, a reduction in capacity alone would mean that multilateral strategies become *ineffectual*, but political motivation to surmount the state's vulnerabilities would lead the state to pursue alternative strategies, as well as seek to develop its insufficient capacities. A reduction in strategic vision, on the other hand, can be expected to allow the state to turn to multilateral structures when it requires its shelter in crises, even if the state limits its engagement with the international structure in a *limited and ad hoc* manner. These postulations within the proposed ideal-type framework describe a spectrum of domestic conditions that can explain different degrees of engagement with multilateralism among small states despite similar structural sources of vulnerability.

## 1.1 Structure of this Paper

At the end of the introductory chapter, I outline how small states select these strategies for the **strategic relevance** they potentially grant, which directly responds to their structural vulnerabilities. This allows the subsequent analysis to understand the domestic factors behind the state's foreign policy choices, as functions of vulnerability as well, since these factors drive strategies that aim to establish strategic relevance. We can thus expect small states, who share similar structural vulnerabilities, to share a similar preference for multilateral strategies.

The literature review in Section 2 maps out our current understanding of small states and the choice for multilateralism. It articulates a broad theoretical framework governing two areas: the origins of and state choice for a multilateral world order; and siting small states in the international system. In the former, we are concerned with the emergence of multilateralism as the key organising principle of international politics, particularly as a function of institutional choice among states. The literature review will thus draw from three traditions of hegemonic theory, rational choice and constructivism, highlighting rational choice in particular as a suitable foundation for modelling how small states choose multilateral structures. Subsequently, the literature review turns to the discussion on classification and identification of small states, especially highlighting the self-identification of small states as a basis for delineating small states as a category. How small states formally identify within multilateral structures reflects the vulnerabilities that lead them to associate with one another. From this, the literature review is in a position to examine why small states would prefer multilateralism to other alternatives, in terms of the particular strategic

advantages of multilateralism. In the process, we also highlight the strategies that the multilateral structure makes available to small states.

Having established that multilateralism is particularly conducive to small state interests, and that we can expect small states to have a corresponding preference for multilateral strategies, Section 3 then establishes the research question proper, founded on the observation that many small states still do not make this strategic choice. The analysis constructs a model for analysing the domestic conditions that can differentiate small states which do not select multilateral strategies. Two variables are used in this model – political motivation to overcome structural vulnerabilities constitutes a key driving factor for different strategic choice, while foreign policy capacity acts as an enabling factor, without which multilateral strategies find insufficient support.

Section 4 applies this two-variable model to a comparative case study of Singapore and Iceland, as outlined in the methodology below. Singapore and Iceland share similar structural positions in the international system, as small island states in a region of larger neighbours. This analysis considers Iceland as a divergent case against Singapore's international orientation through proactive selection of multilateral strategies. The case study seeks to explain Iceland's strategic choices as a function of the two variables, and adds insights to the hypotheses generated in the previous section's model. While the Singapore case largely aligns with the expectations of the model, an examination of Iceland's foreign policy posture reveals that selection away from multilateral strategies does not merely reflect the absence of the two variables. The components of each variable, and the interaction between the

two variables, have different effects on the state's strategic choice, which are evident in how Iceland acts in different issue areas and contexts.

Having disaggregated the effects of political motivation and policy capacity, and the interaction between the two variables, Section 5 proposes a 2x2 framework detailing four ideal-types of foreign policy choices for multilateral strategies. This framework draws on the findings of the previous section, to propose how different types of engagement with multilateral strategies among small states may be explained as a two-dimensional interaction between political motivation and policy capacity. As noted in the introduction, we can then make conclusions about small state decisions not to pursue multilateral strategies, inasmuch as they are rooted in degrees of political motivation to surmount its perceived vulnerabilities and a spectrum of capabilities that constitute its foreign policy capacity.

Section 6 builds on the conclusion and findings by raising actionable policy implications in three areas, which small states can consider in responding to their vulnerabilities via multilateralism. First, I argue that the analysis has demonstrated the importance of competent political leaders and diplomatic agents. Second, in seeking external assistance to build up selected areas of foreign policy capacity, small states can be guided by the contribution of the assistance to the state's strategic relevance, especially as it relates to the independence of its foreign policy choices. Third, the explanatory framework implies a sequential and causal dynamic between the two variables, where basic policy capacity appears to be important for weak states to emerge from a negative feedback loop between weak capacity and absent strategic vision, while strategic vision for a more resilient diplomacy through multilateral

strategies may become more crucial for directing these capacities to the selection of multilateralism. With a clear political intent to utilise multilateral strategies, states again need to develop other areas of capacity that can support a proactive position in the multilateral world order. This paper ends with an outline of the limitations of our analysis that can act as points of departure for further research. This includes accounting for the effect of a changing international and multilateral environment, incorporating the selection of alternative strategies into the same decision framework, and evaluating the success of these strategies in meeting the interests of small states, and the conditions for such success.

## **1.2 Statement of Purpose: Academic Contribution**

Broadly, this project aims to add to our understanding of the position of small states in the international system. Building on a growing body of theoretical work that acknowledges the role that small states can play in the multilateral order, this paper is concerned with the domestic conditions that shape a small state's choice for multilateral strategies that enable it to play these proactive roles. This paper's key contribution to the literature is a framework to explain the degree of small state engagement with multilateralism, in terms of variables that relate to the state's vulnerabilities. This sheds light on the variance among small states' uptake of multilateral strategies, which are conceived as a response to vulnerabilities which small states share by virtue of their structural position in the international system. In doing so, we are able to outline several actionable policy implications that can guide the foreign policy considerations of small states, in their use of multilateralism to build a more resilient diplomacy in response to their structural vulnerabilities.



### **1.3 Research Design and Case Selection**

This paper proceeds as a comparative case study. From the review of the existing literature on small state preferences for multilateralism, we build a model based on the two variables of political motivation and policy capacity, which constitute driving and enabling factors that can differentiate small states which select multilateral strategies, from those that do not. The construction of each variable supports a hypothesis specific to the variable, which is then tested in the case study.

The analysis proceeds from the model as a comparative case study. It tests the two hypotheses for each variable, by applying the model to explaining the foreign policy postures of the cases. Eventually, the case study largely supports the expectations of the model, but adds further insights and findings to each hypothesis that forms the foundation for the proposed typology of small states according to their strategic choice for multilateralism.

The case study is constructed using Iceland as a divergent case against Singapore's international orientation. Singapore provides a suitable backdrop for comparison by virtue of its active position in multilateral structures, as part of an articulated foreign policy strategy to combat its vulnerabilities. On the other hand, Iceland has had a largely inward-looking foreign policy posture, with limited multilateral engagement in either the UN or regional organisations like the European Union (EU). Rather, it has chosen bilateralism as a preferred approach of securing its interests and meeting its vulnerabilities. Disaggregating the driving forces and constraints of Iceland's foreign policy posture according to our model, and comparing it with Singapore's,

illuminates the central puzzle that small states with similar positions within the international structure do not similarly adopt multilateral strategies as a response to their vulnerabilities. The study therefore delves into the two cases' foreign policy strategies, comparing their elements according to the model we have set up here.

The case study will elaborate on the foreign policy posture of the two countries in detail as part of its analysis. We thus focus on justifying the parameters of the selection of cases as a foundation for the subsequent analysis. The model is fundamentally based on the assumption that small states share similar vulnerabilities by virtue of their structural position as small states. Based on the literature review that establishes the shared structural vulnerabilities of small states, we can control for these parameters in our selection of Singapore and Iceland for the case study.

Singapore and Iceland share some crucial similarities that make them suitable candidates for case comparison. First, both fulfil the definition of small states as adopted in this paper, and more importantly, identify as small states themselves. On the outset, both are members of the Forum of Small States (FOSS), and the foreign policy speeches of their leaders frequently articulate their self-image of 'smallness', along with its accompanying vulnerabilities. We will see that this adds to the puzzle via the formal identities that reflect the state's self-image of vulnerability, showing that the two states share similar identities within multilateral organisations.

Iceland has a population of slightly over 330,000, while Singapore's is 5.5 million; despite the disparity, both have populations of less than ten million, as per the identification criteria of the FOSS. The population sizes of both countries are

considered small and confer effects similar enough to share the same categorisation. Physically, both states are small islands, and can be expected to share similar environmental and security concerns. However, it must be noted that Iceland's land area is nearly 150 times that of Singapore, and Iceland possesses some natural resources, including geothermal energy, which Singapore does not. Therefore, although the two cases begin from a largely similar geographical position, the case study must incorporate the effect that differences in geographical features may have on the state's perception of vulnerability.

Most importantly, the two countries share a similar geopolitical position relative to their regional neighbourhood, as small countries with larger neighbours. For Singapore, its location as an island-state surrounded by much larger neighbours Indonesia and Malaysia shapes its worldview, as does its location in the wider region of Southeast Asia with ASEAN as a regional multilateral organisation. Iceland identifies as part of Europe even though it is located apart from the European landmass, and is one of the smaller states in the region by land mass and population size. As evidenced by its diplomatic interaction both before and after independence, it is proximate to major powers including the United States (US) and United Kingdom (UK), which means that we can compare interactions between similar relative power disparities across the two cases. Most of all, although we can expect these geopolitical positions to present a set of threat perceptions, our use of critical junctures to examine the historical experience of each case can help to explain how states come to perceive similar regional positions differently, with respect to the vulnerabilities that they confer.

These features shared by both states drive our expectations for a similar set of structural vulnerabilities, in line with the rational choice framework outlined in the literature review; in order to explain the differences in foreign policy posture, we turn to divergence in the perception of vulnerabilities, given by the different critical junctures through which states experience their structural position, and the narratives that arise therefrom. The key premise of sharing structurally given vulnerabilities therefore provides a foundation for our analysis in response to the research question.

### ***Limitations and Potential Criticisms***

Yet, the choice of two similar cases opens this paper's analysis to criticism of selection bias, a weakness that is inherent to all analyses which proceed as a comparative case study. That the two cases share key characteristics such as maritime status and geopolitical position can then limit the generalizability of my findings, which is especially relevant in this paper's construction of an 'ideal-type' framework to explain a spectrum of small state behaviour.

However, the structural similarities of the two cases are important for this paper's analysis of small state foreign policy, given that the similar structural vulnerabilities provide a backdrop for our analysis to compare their differing foreign policy postures. Furthermore, the selection of these cases lies within the feasibility of this limited study. Although Iceland as a case that deviates from our expectations of multilateral strategies, it still selects alternative strategies such as bilateralism, which are observable and have been well articulated by the state's leadership, as well as in the

literature. In this way, both cases present observable foreign policy choices, which allow the analysis to yield more useful findings, as opposed to comparison against a case where a state does not select any deliberate foreign policy strategies to meet its vulnerabilities, such as 'weak states' that will be highlighted in the literature.

By contrast, selecting two structurally different cases for comparison would open up different lines of inquiry, which would not adequately respond to the central puzzle driving this paper's research. For example, the selection of a land-locked country in a manifestly different regional environment would be suitable for analysing the relationship between different geographical characteristics and the structural vulnerabilities that a small state faces, which could yield findings on the consequent effect on foreign policy choice.

The 2x2 typology of small states proposed in our analysis is therefore an extrapolation based on the two similar cases with different observable foreign policy outcomes. This extrapolation is justifiable based on our findings of the interaction between the two variables. Proposing such a framework is sufficient for our purposes of differentiating the factors behind a small state's foreign policy choice, while raising multiple points of departure for further research. Centring the analysis on this purpose also obviates a need to analyse a large-*n* sample of small states for generalised characteristics. This framework is sufficient in disaggregating the foreign policy of other cases, whose individual contexts translate to foreign policy outcomes via the same mechanisms of driving and enabling factors. We are therefore able to use this framework, constructed from the comparative study of two cases, to explain why

particular small states may select away from multilateral strategies against our expectations.

Eventually, this framework allows us to generate policy implications that small states can consider in crafting their foreign policy, to use multilateral strategies to gain strategic relevance, which builds resilience against its inherent vulnerabilities.

#### **1.4 Key Concept: Strategic Relevance**

This paper begins with establishing strategic relevance as a key concept that underlies any analysis of small state foreign policy. I argue that strategic relevance provides the link between the multilateral strategies that many small states have chosen to pursue, and the structural vulnerabilities that are expected to drive these choices. Essentially, it is not the strategies themselves that surmount vulnerabilities, but the strategic relevance that result from these strategies, which builds resilience for the state against its structural vulnerabilities. Given the similar structural vulnerabilities that small states face, we can then expect them to pursue similar strategies since these strategies potentially build the state's strategic relevance to face these vulnerabilities.

Strategic relevance thus lies at the heart of the central puzzle of this paper. This paper models political motivation and capacity as driving and enabling factors for foreign policy choice, insofar as these variables relate to the state's relevance. We especially consider political motivation in the form of a strategic vision, which is directed at building the state's relevance in the international system – by virtue of the kind of relevance that it aims to establish, we can discern the perceived vulnerabilities that drive this political motivation, which differentiates the small state's choice to exercise the agency granted by the multilateral structure. Ultimately, strategic relevance stands as an underlying foreign policy principle that emerges from a state's perception of vulnerability, and the actions that follow therefrom.

This section defines the strategic relevance that small states are expected to seek, including what it entails and to whom it is directed. The subsequent literature review

and analysis will make reference to this concept, further demonstrating the centrality of strategic relevance to small states. First, we explain the place that strategic relevance occupies in the foreign policy terrain of small states, especially as a function of the state's vulnerability. Strategic relevance constitutes the state achieving a visible presence in the international system among larger states, above its default position where its action or inaction would not have an appreciable impact in the international political system. Second, I highlight the foreign policy objectives of small states that strategic relevance achieves, further demonstrating the link between relevance and vulnerability. Notably, this also shows that strategic relevance has to be actively exploited for it to take effect, and it has to be developed as part of the state's foreign policy strategy.

Thereafter, Section 2's review of multilateral strategies will expand our understanding of the sources of strategic relevance. Based on this concept of strategic relevance, Section 3 then uses this link between strategic relevance and vulnerability, to build a model where a state's decision to pursue multilateral strategies is a direct response to their perception of vulnerability and the capacities available for them to deal with it.

### ***Strategic Relevance in a Small State's Foreign Policy Terrain***

Strategic relevance can first be understood as a uniquely important goal for small states. Small states occupy a "default position of living below the threshold of global attention",<sup>6</sup> which confers a structural constraint limiting the foreign policy options of

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<sup>6</sup> Ibid.



small states. Not possessing an appreciable footprint in international politics confers a structural vulnerability in terms of the impact that small state foreign policy can achieve with respect to other states – it places small states at an inherent disadvantage in its ability to use diplomatic efforts to achieve foreign policy goals, given that small states are less able to elicit behavioural change from major powers, put their concerns on the global agenda, and secure their sovereignty against external influence.

Increasing their global presence can therefore be an important way for small states to secure their national interests in foreign policy. Singer (1972) found that some small states possess ‘attractive power’ in terms of their importance to other countries, which could be exploited for foreign policy goals.<sup>7</sup> The bipolar world order of the Cold War particularly demonstrated that strategic relevance of small states, a product of the scramble for alliances, could give them more foreign policy options and security.<sup>8</sup> Similarly, where power hierarchies are still salient in the present multilateral order, the importance of particular small states to the interests of major powers in various issue areas could determine the success of the diplomatic strategies that they use.

In this light, relevance for a small state means a stronger presence in international politics, where its foreign policy actions can produce consequential effects in the structural environment or via the reactions of other states. Importantly, strategic relevance for a small state in the multilateral order necessarily appeals to recognition by major powers. This recognises the structural condition that the small state cannot hope to influence system-wide forces on its own power, and instead relies on its

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<sup>7</sup> Marshall R. Singer, *Weak States in a World of Powers: The Dynamics of International Relationships* (Ann Arbor: Free Press, 1972).

<sup>8</sup> Robert L. Rothstein, *Alliances and Small Powers* (New York: Columbia University Press, 1968).

ability to influence major ‘veto’ actors in each issue area. Strategic relevance therefore means that the state is perceived by other actors to be a valued contributor in a particular field, or an essential node in the global governance structure on an issue, which indicates engagement with the international community beyond its structurally given position. This kind of peer recognition of a small state’s relevance to the international community is often marked by the vocabulary of a small state “punching above its weight”;<sup>9</sup> this, alongside hard measures of achieving foreign policy objectives, may serve as an indicator of the state’s relevance in the international structure, and thus its relationship with its vulnerabilities.

### ***Foreign Policy Objectives and Vulnerability***

The goals that are directly linked to relevance are multifaceted and respond to small states’ unique structural weaknesses and constraints, as outlined in our discussion on the self-identification of small states in Section 2.2.1. First, relevance to major powers and to the international system at large raises the stakes that outside powers may have in a small state’s survival, thereby alleviating the inherent defence vulnerability of small states that lack hard power resources and strategic depth. It is for this reason that Singapore, a small state in Southeast Asia surrounded by larger neighbours, has articulated a policy of ensuring that major powers outside the region continued to have an interest in and commit to its independence.<sup>10</sup> Together with

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<sup>9</sup> Tommy Koh, “Our Chief Diplomat to the World,” *Straits Times* (Singapore), 25 Mar 2015.

<sup>10</sup> Chong Guan Kwa, “Relating to the World: Images, Metaphors and Analogies,” in *Singapore in the New Millennium: Challenges Facing the City State*, ed. Derek da Cunha (Singapore: Institute of Southeast Asian Studies, 2002), 114.

multilateral strategies, Singapore's prioritisation of modernisation and economic success has also been directed towards increasing its value to major powers, which in turn is expected to improve its chances of survival and autonomy via continued investments and interaction from major powers.<sup>11</sup> This has been seen as especially crucial given that Singapore lacks any of the natural resources possessed by its neighbours – which have an intrinsic value – and would otherwise be less resilient in defending its sovereignty. In this way, countries can develop strategic relevance towards major powers via deliberate strategies, supporting our view that strategic relevance results from an expression of state agency, which this paper's analysis is founded on. We can therefore extend our analysis to understand multilateral strategies as means to develop strategic relevance, as a response to the state's vulnerabilities.

Second, the strategic value of a small state to a major power may grant it space to resist coercive pressure and exert influence on its behaviour during negotiations. In the well-known 1971 standoff between Malta and the UK, Maltese Prime Minister Dom Mintoff threatened to evict British troops and turn over air and naval facilities to the USSR – it succeeded in securing a 300 per cent increase in development assistance from the UK, an extension of its initial demand to share in funds for the Marshall Plan.<sup>12</sup> Mintoff had effectively capitalised on the negative strategic value of Malta to threaten that adversaries of the west might better appreciate it; while no one might have an interest in threatening Maltese security, it became a threat to its

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<sup>11</sup> Charissa Yong, "Straits Times: 'S'pore must be a success to remain relevant'," *Straits Times* (Singapore), 27 Jan 2015.

<sup>12</sup> Godfrey Baldacchino, "Thucydides or Kissinger? A Critical Review of Smaller State Diplomacy," in *The Diplomacies of Small States: Between Vulnerability and Resilience*, eds. Andrew F. Cooper and Timothy M. Shaw (Houndmills: Palgrave Macmillan, 2009), 27-28.

neighbours by virtue of the foreign forces that occupied it in the geographical context of the Mediterranean.<sup>13</sup> It was with this same frame of strategic relevance that Malta negotiated its entry into the EU, particularly with reference to its position in the Mediterranean as a bridge between Europe and North Africa, while retaining its sovereignty through its adherence to neutrality.<sup>14</sup> The Maltese example highlights how small states may have strategic value in itself, by virtue of its geographical position or historic relationship with major powers. However, even with characteristics of the state that inherently grant strategic value, this example also shows that strategic value needs to be ‘developed’ in terms of being exercised as part of a foreign policy strategy, such as Malta’s strategic value that becomes significant only with the presence of major powers in the country. Furthermore, this anecdotal experience shows that a state’s source of strategic relevance, and the major powers who are most important in recognising this strategic relevance, may change over time, particularly as the regional and international political context evolves.

I have highlighted two ways in which a state’s strategic relevance shapes diplomatic conditions to be more conducive to its vulnerabilities. Strategic relevance is thus a direct answer to the state’s unique structural weaknesses. However, this does not mean that states that pursue strategic relevance share the same vulnerabilities; rather, for both the Singapore and Malta cases cited above, strategic relevance fulfils a functional need that arises from the small states’ structurally given vulnerabilities, regardless of the different issues that constitute those vulnerabilities. These links demonstrate that strategic relevance for small states is largely created in the course of

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<sup>13</sup> Dominic French, “Malta’s External Security,” *GeoJournal* 41, No. 2 (1997): 156.

<sup>14</sup> *Ibid.*, 160-162.

deliberate foreign policy decisions, especially where the state does not possess intrinsic relevance granted by geographical features or natural resources. Strategic value must be exercised in order to take effect in responding to the state's foreign policy terrain.

Strategic relevance allows small states to respond to inherent vulnerabilities – turned on its head, by choosing to pursue strategic relevance, small states reveal that they are motivated by self-perception of vulnerability. The characteristics of these threat perceptions are thus linked to the type and extent of efforts to achieve strategic relevance. In this paper, we consider the multilateral strategies that small states have utilised to influence their immediate institutional environment, as the strategies used to build the state's relevance in response to its vulnerabilities. Our model tracing the origins of small state foreign policy decisions to pursue these strategies therefore begins by considering perceptions of vulnerability, as well as what the state and domestic actors believe can or should be done about it. These constitute the political motivation and policy capacity for multilateral strategies, as driving and enabling factors that differentiate foreign policy choices, respectively.

The subsequent discussion will make reference to strategic relevance, and add to our understanding of how this concept underpins the foreign policy principles of a small state.

## **2      Literature Review**

The aim of this literature review is to present an overall picture of where the international relations scholarship stands on two issues: the origins of multilateralism as the key global governance paradigm of the current world order, and how small states features within this order. These set up the theoretical understanding of how multilateralism features in the small state foreign policy terrain, which leads to our model to explain their foreign policy choice.

### **2.1    The Multilateral World Order**

Undergirding our analysis of the emergence of the multilateral world order is an assumption that the international structure is the product of decisions taken by states. The three theoretical traditions highlighted in this literature review frame our definition of multilateralism, and characterise multilateralism as a choice of one or more actors, which can be extended to the agency that small states possess in a multilateral structure. Each theoretical frame of reference points to a different feature of the multilateral world order that allows small states to respond to their vulnerabilities. This section of the literature review establishes the basis for small states to prefer multilateralism as an organising principle of international politics, and highlights the features of the multilateral structure that enable strategies which small states can use to enlarge their position.

### 2.1.1 Hegemonic Theory of Multilateralism

Hegemonic theory gives a veto role to the US acting as a post-World War II hegemon, a position which it occupies by virtue of its dominance of the global distribution of capabilities, as indicated by traditional measures of ‘hard power’ – military, economic and technological resources – that translates into influence over other states.<sup>15</sup> This influence meant that the US was in a critical position to determine the shape of the world order, and by virtue of its preferences and the ‘buy-in’ of European powers as part of a security bargain, multilateralism was selected over alternatives. This theoretical perspective therefore sees US leadership as an essential factor for the emergence of multilateralism, as a result of the balance of costs and incentives facing the hegemon in maintaining the world order; other hegemons in previous periods had developed different principles to organise international politics in their scope of governance.<sup>16</sup>

The incentive for the hegemon to choose multilateralism is its ability to retain its dominance and safeguard its interests, even after its asymmetric possession of power resources has relatively diminished – which Ikenberry (2011) has identified as a form of ‘hegemonic preservation’.<sup>17</sup> This is most clearly seen in the network of multilateral institutions established in the immediate aftermath of the war, including the Bretton Woods institutions, and the UN at its apex. In addition, the state’s dominant role must be accepted by other states in their agreement to participate in the

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<sup>15</sup> G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis and Transformation of the American World Order* (Princeton: Princeton University Press, 2011), 43.

<sup>16</sup> *Ibid.*, ch. 3.

<sup>17</sup> *Ibid.*, 107.

rules and institutions of the multilateral order. The cost to the hegemon is thus the provision of public goods, as with the security and institutions that the US supported in Europe, in exchange for their participation in the order where it exercises dominance. Providing security in Europe served the hegemon's interests by supporting Europe as a 'third pole' against the USSR.<sup>18</sup>

Furthermore, participation in the US-led order enabled European countries to mitigate continental power asymmetries against the USSR.<sup>19</sup> Hegemonic theory, while focused on the leader, requires states to agree to follow. Cooper et al. (1991) found that followers acquiesce to the hegemon's dominance for reasons that largely take reference from the leader's actions – they gain reciprocal benefits from the institutional arrangement; the leader influences followers' interests to reflect those of the leader and the global order; or followers may perceive the leader to possess legitimacy and leadership ability.<sup>20</sup> The initial security bargain in Europe that constituted the foundation of a hegemonic multilateral order serves as a starting point to understand the expansion of these structures to other regions in the world. The 'hub-and-spoke' system of bilateral security arrangements that the US had with countries in Asia graduated into a global multilateral security community as more states gained independence, reinforcing the functional benefits of this order as a hedge against regional power asymmetries. The hegemonic origins of the current

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<sup>18</sup> Steve Weber, "Shaping the Postwar Balance of Power: Multilateralism in NATO," *International Organization* 46, No. 3 (1992): 648.

<sup>19</sup> *Ibid.*, 657.

<sup>20</sup> Andrew F. Cooper, Richard A. Higgott, and Kim Richard Nossal, "Bound to Follow? Leadership and Followership in the Gulf Conflict," *Political Science Quarterly* 106, No. 3 (1991): 391-410; as cited in Neal G. Jesse, Steven E. Lobell, Galia Press-Barnathan and Kristen P. Williams, "The Leader Can't Lead When the Followers Won't Follow: The Limitations of Hegemony," in *Beyond Great Powers and Hegemons*, eds. Kristen P. Williams, Steven E. Lobell and Neal G. Jesse (Stanford: Stanford Security Studies, 2012), 15.



multilateral order thus provide small states with a means to mitigate its security threats, giving them a strong incentive to participate in and strengthen the order.

Hegemonic stability theory is founded on the apparent durability of the multilateral order and US leadership. Ikenberry terms this ‘institutional stickiness’, pointing to the role of institutional arrangements in ‘freezing’ the power structure, especially owing to the followership of states that participate in the order. This is supported by the reciprocal benefits that the hegemon can continue to provide, especially in its unipolar dominance after the end of the Cold War. We see this in the expansion of multilateral institutions and integration of emerging economies into the multilateral order, in the years following the fall of the USSR.<sup>21</sup> Furthermore, the durability of US leadership has been attributed to its legitimacy, founded on the US binding itself, in principle, to the rules of the multilateral order. In addition to hard power dominance, the multilateral order also maintains US leadership by its soft power “attraction rather than coercion”, and through norms and institutions that influence behaviour.<sup>22</sup>

At the same time, new challenges have emerged in maintaining the multilateral order. The end of the Cold War has diminished the perception of the US’ role as a global security provider, even though it retains this security role in narrower regional contexts, such as the Asia-Pacific.<sup>23</sup> Furthermore, academic discussions record a crisis of legitimacy, effectiveness and compliance with multilateral structures,

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<sup>21</sup> Ikenberry, *Liberal Leviathan*, 236.

<sup>22</sup> Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*, 3rd ed. (London: Longman, 2001), 220-221.

<sup>23</sup> Ikenberry, *Liberal Leviathan*, 244.

especially in the UN.<sup>24</sup> States are increasingly turning to other venues of global governance, including regional and plurilateral arrangements such as the G20, and the rise of other major powers changes the shape of the multilateral order. Overall, while multilateralism continues to be a guiding principle of global governance structures, the centrality of the hegemon to the maintenance of this principle is diminished. This suggests that the durability of the multilateral order, and thus the shelter that states receive from the structure, no longer depends exclusively on the hegemon's leadership, but also on the actions of followers to strengthen the order.

Although this theoretical perspective's focus on relative distribution of capabilities masks the role that follower states play in driving the multilateral order, the weakening of the role of hegemonic leadership indicates a space where these states may gain a greater role in upholding the principles of the order. It is here that small states may be expected to act to strengthen multilateralism, for the shelter that multilateralism provides. Multilateral strategies that emerge in this space allow small states to gain strategic relevance among major powers including the hegemon, thus building resilience against its structural vulnerabilities. Section 2.2.3 details the strategies made available by these features of the multilateral order. This contributes to our understanding of the agency of small states in multilateralism, as well as the particular preference that small states may have for this type of global order. We can expect these considerations to frame the political motivation of small states to choose multilateral strategies, as detailed in the model this paper subsequently constructs in Section 3.

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<sup>24</sup> Stewart Patrick, "The Unruled World: The Case for Good Enough Global Governance," *Foreign Affairs* 93, No. 1 (2014): 58-73.

### 2.1.2 Institutional Rational Choice Theory

While hegemonic theory focuses on the veto role of the leading state, rational choice presents multilateralism as the result of a series of choices made by states that participate in the system. Multilateralism is selected from among alternatives in order to resolve cooperation problems between states. The structure of institutional arrangements set up to manage these problems reflects the rational choices of the state actors involved; multilateralism therefore serves some joint functional interest of states who wish to cooperate.<sup>25</sup> Multilateralism as the result of these choices reveals the preferences of states in selecting this outcome, which can account for why small states would pursue strategies to strengthen this structure.

The strength of rational choice theories in accounting for the selection of multilateralism is its use of a comparative statics approach to analyse institutional design. Koremenos et al. generate five dimensions of institutional design that may vary with the type of cooperation problem presented, and conclude that the cooperation problem influences multilateralism as an outcome.<sup>26</sup> Caporaso (1992) further clarifies that the institution of multilateralism is “one of a number of alternative conceptions of how the world might be organised”, others being bilateralism or imperial hierarchy – these do not merely indicate different institutional

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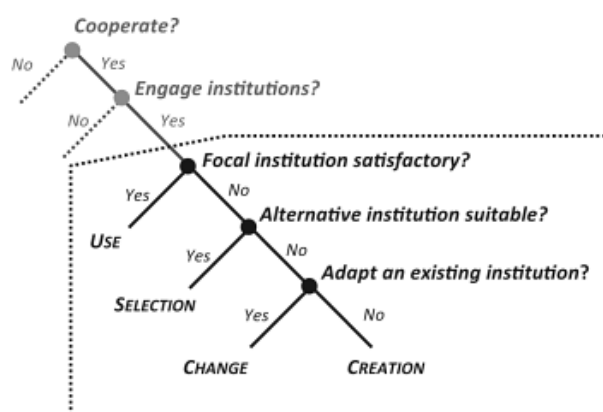
<sup>25</sup> Barbara Koremenos, Charles Lipson, and Duncan Snidal, *The Rational Design of International Institutions* (Cambridge: Cambridge University Press, 2003), 21.

<sup>26</sup> Ibid.

forms, but also the rules and norms that accompany them.<sup>27</sup> The development of the international order is therefore path-dependent, reliant on participants who select among different organising principles at various stages of institutional change, to best suit the needs of the cooperation problem.

Jupille, Mattli and Snidal (2013) present a simplified framework of path-dependent institutional choice, which may be used to explain the emergence of multilateralism. States in this framework ‘satisfice’, using an institutional arrangement until it is no longer sufficient in meeting the needs of the cooperation problem, following which the next attainable alternative would be sought. This form of ‘bounded rationality’ improves on previous frameworks that assume states to make institutional choices from a complete menu of options, with full information, as rational actors.

**Figure 1: USCC Model of Choices within Institutionalised Cooperation.**<sup>28</sup>



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<sup>27</sup> James A. Caporaso, “International Relations Theory and Multilateralism: The Search for Foundations,” *International Organization* 46, No. 3 (1992): 602.

<sup>28</sup> Joseph H. Jupille, Walter Mattli, and Duncan Snidal, *Institutional Choice and Global Commerce* (Cambridge: Cambridge University Press, 2013), 29.

This ‘Use, Select, Change, Create’ (USCC) model depicts four options through which states may respond to cooperation problems by building institutions. This is conditional on the state deciding that institutionalised cooperation is more suitable than non-cooperation, or ad hoc cooperation. Institutional *use* consists of managing an issue through an existing institution, while *selection* enters the decision tree if two or more existing institutions are directed at the same cooperation problem, as with the ability of states to use either the World Trade Organization (WTO) or regional trade arrangements to resolve trade disputes. States can opt to *change* existing institutions if they do not have the capacity or mandate to resolve new problems that arise, failing which, they can *create* new institutions altogether. These final two stages of the decision tree modify the functional scope of the global institutional context, either by expanding the substantive agenda covered by cooperative arrangements, or by changing the organising principle of interaction entirely. The authors also note that the costs of institutional cooperation increase the further we move down the decision tree from the status quo. States can be assumed to make decisions according to some ‘bounded rationality’ Smaller states also have a weaker ability to exit the institutional framework by completely abandoning institutional cooperation (i.e. moving back outside the dotted zone in Figure 1) – inter-state interaction penetrates small states more deeply, in effect narrowing their foreign policy options by making it more difficult to extract themselves from institutional frameworks without bearing immense costs.<sup>29</sup>

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<sup>29</sup> Ibid., 30.

This rational choice framework can explain the emergence of multilateralism, while accounting for the differing preferences of individual states. We can expect that some states are more inclined than others towards deeper institutional cooperation, and more powerful actors are more able to initiate changes to the status quo, by virtue of their material power resources, better information, and greater capacity to undertake the uncertainty that comes with institutional change.<sup>30</sup> Yet, the distributive properties of multilateralism mean that the choices of weaker and smaller states have a greater capacity to influence the collective institutional outcome. The emergence and expansion of institutional structures organised on multilateral principles therefore reflect the preferences of an expanding set of states, as a response to given characteristics of the cooperation problem.

### ***Properties of Multilateralism and Associated Cooperation Problems***

The characteristics of cooperation problems that support preferences for multilateralism are tied to the properties of multilateralism: indivisibility, generalised principles of conduct, and diffused reciprocity.<sup>31</sup> Indivisibility refers to the non-excludability of costs and benefits within the system; generalized principles of conduct are the rules and norms of interaction that apply to all members; and diffuse reciprocity refers to calculating benefits over the long term, rather than expecting to

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<sup>30</sup> Ibid., 37.

<sup>31</sup> Caporaso, "International Relations Theory and Multilateralism," 601-602.

profit on every issue.<sup>32</sup> States can be expected to choose multilateral options if these properties provide a better response to cooperation problems than alternatives.

Three types of cooperation problems align with these properties as solutions. First, *coordination* problems, where states would arrive at a more optimal outcome by bargaining, is a problem where members have little incentive to defect, but some form of information exchange is needed for bargaining to take place.<sup>33</sup> Multilateralism is thus useful at the negotiation stage, to act as a forum for information exchange on other members' intentions, on which the state's course of action is contingent. *Assurance* situations, where mutual cooperation yields higher payoffs than mutual defection, also benefit from the exchange of information on other states' payoffs, which prevents pre-emptive defection.<sup>34</sup> Problems that require information on other actors' payoffs and intentions for the optimal outcome to be feasible tend to yield a preference for multilateralism. Multilateral settings may also carry a lower transaction cost of information exchange between members, compared to a collection of individual bilateral arrangements.

By contrast, *collaboration* problems grant immediate payoffs for defection, which multilateral arrangements can reduce via its capacity for enforcement and monitoring.<sup>35</sup> Arms limitation or reduction agreements, such as the Nuclear Non-Proliferation Treaty (NPT), are examples of arrangements where undetected defection

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<sup>32</sup> Ibid.

<sup>33</sup> Lisa Martin, "Interests, Power and Multilateralism," *International Organization* 46, No. 4 (1992): 775-777.

<sup>34</sup> Ibid., 780-781.

<sup>35</sup> Ibid., 770.

is costly for those who continue to cooperate. Multilateral institutions provide centralised forums where peer monitoring can enhance enforcement, while formal codified rules present credible threats of penalties for defection, including sanctions. In addition, the diffuse reciprocity of multilateralism increases the shadow of the future through long-term cooperation over a range of issues. This offsets the costs of cooperation over single-issue dimensions.

Third, multilateralism facilitates the calibration of cooperation payoffs, so that weaker states have an incentive to cooperate with stronger states that may stand to gain more from such cooperation. Actors who stand to gain more can incentivise the support of other states through issue linkage made possible by multilateral institutions, to increase the payoff for cooperation.<sup>36</sup> Side payments are also possible, in the form of technical assistance and aid.

Multilateralism therefore provides a solution for cooperation problems, by facilitating bargaining and enforcement. The high costs of establishing multilateral arrangements enhances their durability, through expectations of long-term gains and of consistent behaviour supported by generalised organising principles.<sup>37</sup> Furthermore, each of these dimensions of multilateralism benefit small states in a way that contributes to their preference for multilateral institutional forms – the subsequent discussion will further conceptualise these features of the multilateral order as strategic shelter and diplomatic amplification that allows small states to mitigate their vulnerabilities. In this way, the strategies that emerge from these features of the multilateral structure

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<sup>36</sup> Ibid., 779.

<sup>37</sup> John G. Ruggie, *Multilateralism Matters: The Theory and Praxis of an Institutional Form* (New York: Columbia University Press, 1993), 32-33.



represent outcomes of the small state's rational choice for multilateralism; this rational choice model frames our subsequent understanding of the driving forces behind the selection of these strategies that build strategic relevance, which allows small states to influence the shape of the multilateral order. In the more diffuse power structure of multilateralism, the active support of small states for multilateralism adds to the strengthening of and changes in the order. This framework ascribes a preference for multilateralism to small states, providing a basis for the central puzzle to explain small states that select away from these strategies instead.

### 2.1.3 Constructivist Theory

The constructivist approach sees the multilateral order as a product of shared understandings that multilateral principles are a legitimate way to organise inter-state interaction.<sup>38</sup> As products of the normative setting, multilateralism emerged from changes in norms – standards of behaviour defined in terms of rights and obligations – governing inter-state interaction. This approach describes the deeper generative logic of multilateral principles and institutions, and accommodates small states' use of norms and ideas to support the multilateral order, presenting another avenue through which small states have a role in shaping the institutional structure.<sup>39</sup>

The focus of constructivism is on regimes as norm-generated structures. Kratochwil

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<sup>38</sup> Friedrich Kratochwil and John G. Ruggie, "International Organization: A State of the Art on an Art of the State," *International Organization* 40, No. 4 (1986): 764.

<sup>39</sup> Friedrich Kratochwil, "Norms Versus Numbers: Multilateralism and the Rationalist and Reflexivist Approaches to Institutions – a Unilateral Plea for Communicative Rationality," in *Multilateralism Matters*, ed. John Ruggie (New York: Columbia University Press, 1993), 458.

and Ruggie (1986) identify regimes as “governing arrangements constructed by states to coordinate their expectations and organise aspects of international behaviour in various issue areas”, indicating that they emerge not solely because of a cooperation problem, but from expectations generated by patterns of interaction between states. Therefore, this theoretical approach sees that inter-subjective understandings of the multilateral properties of indivisibility, generalised principles of conduct and diffuse reciprocity may matter as much as the properties themselves.<sup>40</sup> For example, generalised principles of conduct therefore do not only mean codified rules of the institution, but also mutual expectations and predictability of behaviour. Furthermore, this approach recognises the role of the beliefs and assumptions of human agents interacting in the international political realm in shaping the rules and principles of inter-state interaction.

Governance of the inter-state space is shaped by ideas that lead to multilateral institutions. Reus-Smit (1998) cites the emergence of universalistic values such as individual rights and human security as issues that create space for transnational concern with what is still essentially a domestic prerogative of nation-states.<sup>41</sup> Transnational concern supports the development of international institutions to monitor and promote cooperation on these types of issues. Also, the historical experience of major international actors in the interwar years and World War II led to the development of multilateral institutions directed at international regulation and

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<sup>40</sup> Emanuel Adler, “Communitarian Multilateralism,” in *Multilateralism Under Challenge? Power, International Order, and Structural Change*, eds. Edward Newman, Ramesh Thakur, and John Tirman (Tokyo: United Nations University Press, 2006), 37.

<sup>41</sup> Christian Reus-Smit, “Changing Patterns of Governance: From Absolutism to Global Multilateralism,” in *Between Sovereignty and Global Governance: The United Nations, the State and Civil Society*, eds. Albert J. Paolini, Anthony P. Jarvis, and Christian Reus-Smit (London: Macmillan Press Ltd, 1998), 10.

cooperation, seen as the answer to the failure of global governance that allowed large-scale conflict to arise.<sup>42</sup>

Furthermore, multilateralism becomes durable by virtue of a ‘community of practice’, where states share an interest in adhering to the same code of conduct.<sup>43</sup> Multilateral institutions formally entrench practices, such as peaceful resolution of conflict through dialogue, and socialise members to the same expectations of behaviour in a rules-based order.

The salience of ideas in shaping the transnational space, and the principles of conduct in multilateral institutions, present an opportunity for small and weaker states to exercise power beyond their material capabilities, as norm entrepreneurs. Norm entrepreneurs mobilise support for practices that become legitimated to the point where they come to be taken for granted, such as Nordic countries’ advocacy for international cooperation on the environment and peace.<sup>44</sup> Overall, the normative space in multilateralism presents small states with the opportunity to expand their footprint in the multilateral order, adding to our understanding of the strategic relevance that emerges from multilateral strategies. This complements the rational choice model’s implications on small states’ selection of multilateral strategies as outlined before. This strengthens our expectations of a preference for multilateralism among small states, which frames our model that aims to explain small states that select alternative strategies instead.

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<sup>42</sup> Ibid., 20-21.

<sup>43</sup> Adler, “Communitarian Multilateralism,” 43.

<sup>44</sup> Ibid., 39.

## **2.2 Siting Small States within World Order**

The three theoretical approaches outlined above present a broad explanation of the origins of the multilateral order, and the spaces that the multilateralism grants small states to secure their interests. We now turn to characterising small states and their behaviour in multilateral structures, which establishes the position of multilateralism in a small state's foreign policy terrain. This informs the state's use of multilateral strategies, forming the basis for this paper's aim to discern when small states do not pursue these strategies.

### **2.2.1 Identification of Small States**

This paper rides on the key assumption that small states occupy a unique position in the multilateral order. They share similar constraints and vulnerabilities, which lead them to seek out multilateral institutions whose features align with their foreign policy priorities, as has been generally accounted for in the small state literature. As a starting point for understanding the strategies available to small states, we review the difficulty of classifying small states as a distinctive category, and identify how this paper considers small states in a way that is most useful for our analysis.

Cooper and Shaw's (2009) volume provides an overview of the literature's treatment of small states as a category. Early works, such as David Vital's *The Inequality of States* (1967), differentiate small states by their material capabilities, having identified small states as a special group of states that appear to have a particular concern with their ability to sustain themselves as sovereign actors in the international system. The

early literature therefore focused on the concept of weakness rather than some permanent geographical characteristic, but nevertheless recognise that this group of states naturally occupy a distinct position in the international structure. In particular, small states have generally been defined in direct contrast to large states, and consequently, by the absence of the internal capacities that enable large states to be sovereign actors in the international structure.<sup>45</sup>

However, difficulties arise in delineating cases based on varying notions of weakness. Analytically, the fundamental question, "where to draw the line?" is complicated by the fact that formal groupings of small states within multilateral organisations have relied on a wide variety of definitions to justify their grouping, further muddying the intellectual waters for a definitive analysis of small states. Even as small states originally take their identification as 'small' from physical aspects that differentiate them from larger states, such as land area, lack of resources, and a small population size, works that use these measures as the sole defining criteria have ended up making exceptions to include some other case, if only because these additional cases are also perceived as small states. This renders the rigid definition less useful.

Therefore, although this paper delineates its analysis of small states using the specific categorisation adopted by the FOSS, of states with a population of ten million or less, it is based on the idea of self-perception, and is therefore an analytical tool rather than an arbitrary definition of a category. This paper proceeds along the tradition that defines small states according to how they define themselves. That is, we rely on the state's perception of its smallness, and/ or the recognition of its smallness by other

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<sup>45</sup> Baldacchino, "Thucydides or Kissinger?," 26.

external actors, to place a state within the bounds of our analysis.<sup>46</sup> This mirrors Rothstein and Keohane's work that use psychological dimensions alongside objective criteria to define smallness, an approach that accounts for perception-based elements of system-level definitions of small states. The definition of small states used in this paper is thus similarly undertaken with reference to the state's perceived position in the international structure.

In this way, the formal identities of 'smallness' that the small state associates with in multilateral institutions reveal its self-perception, which lends itself to use as a definition for analysis. This is especially useful for this paper's model that associates the foreign policy choices of small states with their perceptions of vulnerability. Formal identities reflect the political characteristics that align with the small state's perceived vulnerabilities or sources of vulnerabilities.

We look to the formal definition of smallness that the state subscribes to in multilateral structures. On the one hand, coalitions of small states may use geographical features to delineate their category, reflecting the attachment of their vulnerability to their geographical 'smallness'. For example, the criterion used to limit this paper's analysis, a population limit of 10 million, is that adopted by FOSS, an informal grouping that Singapore established in 1992.<sup>47</sup> A population-based definition that links population size with smallness sees population as a proxy for hard power resources, a lack of which confers material and political disadvantages in the

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<sup>46</sup> Jeanne A. K. Hey, "Introducing Small State Foreign Policy," in *Small States in World Politics: Explaining Foreign Policy Behaviour*, ed. Jeanne A. K. Hey (London: Lynne Rienner Publishers, 2003), 3.

<sup>47</sup> Andrea Ó Súilleabháin, *Small States at the United Nations: Diverse Perspectives, Shared Opportunities* (New York: International Peace Institute, 2014), 3.

international political environment. On the other hand, ad hoc groupings like the Alliance of Small Island States (AOSIS) and the Small Island Developing States (SIDS) are organised around the physical geography of some small states that correspond to a set of concerns and vulnerabilities. AOSIS was formed with a narrow and clearly defined agenda of highlighting the impact of climate change on the economic development and survival of small states. A state's membership in these informal coalitions demonstrates that these characteristics constitute at least one of its biggest perceived vulnerabilities.

Furthermore, the formal identification of a small state in the multilateral order also reveals the availability of multilateral strategies that align with the most pressing of its perceived vulnerabilities. This implies, for our model, that states pursue strategies made available within a multilateral framework if they align with the particular vulnerability image of the small state – in this way, we can understand how four single commodity export-dependent African countries of Benin, Burkina Faso, Chad and Mali formed the 'Cotton 4' group to seek cuts in cotton subsidies and tariffs and developed countries within WTO negotiations.<sup>48</sup> The rules and mechanisms of the WTO granted these small states an opportunity to enlarge their negotiating position, through a grouping that could pursue an agenda that corresponded with one of their greatest perceived vulnerabilities. Their identification with that negotiating group demonstrates for our model that if states find alignment between their vulnerabilities and the formal identification of these vulnerabilities in multilateral mechanisms, they

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<sup>48</sup> Donna Lee, "Bringing an Elephant into the Room: Small African State Diplomacy in the WTO," in *The Diplomacies of Small States: Between Vulnerability and Resilience*, eds. Andrew F. Cooper and Timothy M. Shaw (Houndmills: Palgrave Macmillan, 2009), 197. See "Groups in the agriculture negotiations." *World Trade Organization*. Accessed 12 Apr 2017. [https://www.wto.org/english/tratop\\_e/agric\\_e/negoti\\_groups\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/negoti_groups_e.htm) for formal description of 'Cotton 4'.

may be expected to use these strategies.

Finally, the literature that shares this approach of self-identification is concerned not only with the state's perception of its smallness as vulnerabilities, but also the perception of other states. One way that this has manifested itself is the observation that small states have co-opted articulations of 'smallness' as a category of states, even if the classification was foisted upon them by larger states and international organisations. We must understand the contexts within which specific classifications are proposed, such as in a pioneering report on small states produced in 1983 for the Commonwealth Heads of Government, which defined smallness according to population, to fit the economic focus of the Commonwealth study.<sup>49</sup> The context of perceived 'smallness' reflects the externally given identities that the state can draw on. Together with how states see themselves as small, the two directions of perception form a map of the vulnerability that is associated with foreign policy choice. The 10 million population size guideline is thus used in this paper to limit case selection, but the mutual perceptions of a country's identity as a small state, and its associated vulnerabilities, is crucial to identifying small states that can be compared for their preferences for multilateral strategies.

### **2.2.2 Multilateralism to a Small State**

A small state's preferences for multilateralism are based on the nature of the multilateral order highlighted in the earlier section, which respond to the state's

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<sup>49</sup> Payne, "Small States in the Global Politics of Development," 625.



structural constraints and vulnerabilities linked to its perception of its 'smallness'. To a small state, the most salient features of a multilateral order are the strategic shelter that mutually agreed rules provide, and the structures that amplify the influence of small states beyond what their material power resources would otherwise allow.

First, the strategic shelter that multilateralism provides for small states is based on their security considerations, since threats to a small state's survival and sovereignty are amplified due to their constraints. Small states are more likely to resolve threats through external engagement and partnership.<sup>50</sup> Small states generally have two methods of responding to security threats. On the one hand, they can withdraw from committing to a position on conflicts involving larger powers, traditionally expressed as neutrality.<sup>51</sup> This option reflects the view that small states have limited or no capacity to influence their strategic environment, so that non-participation in conflicts retains some autonomy for the state. On the other hand, small states can participate in a network of international institutions and multilateral arrangements, seeking protection through cooperation, as well as expanded influence to shape the institutional response to the threat. This latter option is more relevant to the broad spectrum of challenges that small states face today, such as climate change, which would especially impact SIDS, regardless of their engagement with the threat. In addition, with increasing interdependence among states, withdrawing from international engagement altogether through neutrality becomes a less viable option

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<sup>50</sup> Alyson Bailes, Jean-Marc Rickli, and Baldur Thorhallsson, "Small States, Survival and Strategy," in *Small States and International Security: Europe and Beyond*, eds. Clive Archer, Alyson Bailes, and Anders Wivel (London: Routledge, 2014), 32.

<sup>51</sup> Ibid.

for small states, given that diplomatic isolation is more damaging to them.<sup>52</sup> The different impact that threats have on smaller states compared to large ones is one reason for their affinity towards multilateral structures.

An example can be seen where small states are faced with an asymmetrically powerful regional power, and mitigate their security vulnerability through membership in various multilateral arrangements. The Baltic states of Lithuania, Latvia and Estonia have created and participated in the Baltic Council, the Council of Baltic Sea States, the UN, the Organization for Security and Cooperation in Europe (OSCE), and other trade and finance international organisations.<sup>53</sup> These arrangements do not only provide collective defence to mitigate the tensions between major powers acting in the region, but also act as forums for their small state security agenda to be heard. Baltic energy security thus featured on the EU agenda, enabling cooperative efforts to diversify the region's energy imports through the Nordic states and Poland.

Considering how small states respond to traditional security threats allows us to see the role that networks of multilateral arrangements play in the small state foreign policy terrain. Their preference for multilateral outcomes is a matter of necessity, given their structural constraints. They find security in an interlocking network of

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<sup>52</sup> Anders Wivel, Alyson Bailes, and Clive Archer, "Setting the Scene: Small States and International Security," in *Small States and International Security: Europe and Beyond*, eds. Clive Archer, Alyson Bailes, and Anders Wivel (London: Routledge, 2014), 9.

<sup>53</sup> Mindaugas Jurkynas, "Security Concerns of the Baltic States in the 21<sup>st</sup> Century," in *Small States and International Security: Europe and Beyond*, eds. Clive Archer, Alyson Bailes, and Anders Wivel (London: Routledge, 2014), 113-129.

direct and indirect security guarantees,<sup>54</sup> and the generalised rules of conduct of multilateral organisations provide an environment of law and order that better safeguard the sovereignty of smaller and weaker states.

Second, the ability of multilateral structures to amplify a small state's actions is evident in the active role that some small states have played in organising collective responses to non-conventional threats. For example, Nordic states have emerged as norm entrepreneurs for environmental security, as advocates of environmental issues and repositories of climate change expertise.<sup>55</sup> They have been able to shape the agenda in multilateral forums and host environmental conferences to shape the international response to what is essentially a cooperation problem, while boosting their leading position on these issues in the process.<sup>56</sup>

Similar usage of multilateral structures can be seen among small island states, for which climate change is an existential threat, affecting key industries and the state's territory itself. Recognising that these problems can only be addressed at the global level, small states have found that multilateral forums are the most suitable avenues to generate international cooperation, by keeping environmental issues on the global agenda.<sup>57</sup> The SIDS coalition in the UN has seen notable but limited success in these efforts, including the Barbados Programme of Action on the Sustainable Development

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<sup>54</sup> Alan Chong, "Analysing Singapore's Foreign Policy in the 1990s and Beyond: Limitations of the Small State Approach," *Asian Journal of Political Science* 6, No. 1 (1998): 104.

<sup>55</sup> Jupille et al., *Institutional Choice and Global Commerce*, 43.

<sup>56</sup> Audur H. Ingólfssdóttir, "Environmental Security and Small States," in *Small States and International Security: Europe and Beyond*, eds. Clive Archer, Alyson Bailes, and Anders Wivel (London: Routledge, 2014), 89.

<sup>57</sup> Michael Powles, "Making Waves in the Big Lagoon: The Influence of Pacific Island Forum Countries in the United Nations," *Revue Juridique Polynésienne* 2 (2002): 67.

of Small Island States, produced following the conference in 1994.

Small states are thus seen to take the lead in various multilateral initiatives to facilitate cooperation on threats they are unable to resolve on their own. The features of multilateralism that help the state to meet its vulnerabilities underlie the preference of small states for multilateral solutions to cooperation problems. Small states can rely on multilateral forums for space to enlarge their influence and take the lead on shaping these solutions, constituting a form of ‘virtual enlargement’ that boosts the soft power and diplomatic resilience of small states.<sup>58</sup>

Given that these sheltering and amplification features of multilateralism are conducive for small states to respond to their vulnerabilities by influencing the institutional environment, we can understand how small states are generally predisposed towards multilateralism, and use strategies to strengthen multilateral norms.

### **2.2.3 Multilateral Strategies Available to the Small State**

From these features of multilateralism that align with structural vulnerabilities, small states have been able to develop innovative diplomatic strategies to exercise influence. Drawing on the general body of work that has emerged in documenting the foreign policy experiences of small states in multilateral institutions, I highlight coalition building and niche diplomacy as two strategies which have been commonly

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<sup>58</sup> Alan Chong, “Small State Soft Power Strategies: Virtual Enlargement in the Cases of the Vatican City State and Singapore,” *Cambridge Review of International Affairs* 23, No. 3 (2010): 401.

used by small states. These strategies operate in the diplomatic spaces granted by multilateral structures, enabling small states to achieve greater influence than their material power capabilities would suggest.

### ***Coalition Building***

Early work on small states indicate a *prima facie* reliance on alliances and coalitions, which have been extended to its participation in multilateral structures. **Coalition building** is especially important to small states seeking to increase their influence, which are more dependent than larger states on the support of others in the system.<sup>59</sup> These groups may be associated by shared structural features, such as population size as with FOSS, or geographical location such as the CANZ group and Nordic states in the UN. They may also be constituted by common cause, such as the Non-Aligned Movement (NAM). Coalition building in this sense functions to create stronger negotiating positions for small states acting collectively. This is made possible by principles of sovereign equality in many multilateral institutions, where the coalitions function as vote banks for UN resolutions, within which small states can exercise leadership or trade influence.<sup>60</sup> The strength of the coalition is also associated with the possession of more material power resources, such as ASEAN states which together make up the eighth largest economy in the world.<sup>61</sup> The diplomatic leverage

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<sup>59</sup> Baldur Thorhallsson, "Small States in the UN Security Council: Means of Influence?" *The Hague Journal of Diplomacy* 7 (2012): 157-158.

<sup>60</sup> David M. Malone, "Eyes on the Prize: The Quest for Nonpermanent Seats on the UN Security Council," *Global Governance* 6, No. 1 (2000): 3-24.

<sup>61</sup> SE Asia Economic & Trade Policy Network, *ASEAN Economic Bulletin* (London: Foreign and Commonwealth Office, May 2013).

that ASEAN provides for its small members was best seen in its successful lobbying efforts to muster an international response to Vietnam's 1978 invasion of Cambodia.<sup>62</sup>

Coalitions give small states a greater voice.

In coalitions, small states find a venue to exchange ideas and coordinate positions.<sup>63</sup>

Within the UN, the Group of 77 (G77) has emerged as a tool for small states to build common negotiating positions with other developing countries, as well as to engage in dialogue for common economic interests, such as South-South development cooperation. The NAM has also expanded beyond its initial agenda of forging positions independent of major powers, to become a forum for discussion of common issues among member states, the majority of whom are small states.<sup>64</sup> The NAM also acts as an avenue for small states to access plurilateral bodies within the UN such as the Security Council (UNSC), through NAM members that occupy positions in these bodies. Furthermore, coalitions allow small states to sustain diplomatic activity in multilateral institutions by pooling resources for intelligence and information gathering, which small states often lack.<sup>65</sup>

The primary function of coalition building is thus to overcome the diplomatic resource constraints and limited influence of individual small states. The availability of coalition building as a strategy is grounded in the mutually agreed rules of conduct

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<sup>62</sup> John Funston, "Thailand's Diplomacy on Cambodia: Success of Realpolitik," *Asian Journal of Political Science* 6, No. 1 (1998): 53-79.

<sup>63</sup> Thorhallsson, "Small States in the UN Security Council," 158.

<sup>64</sup> "The Non-Aligned Movement: Description and History," *Department of Communications, Republic of South Africa*, 2001, accessed 1 Apr 2017, <http://www.nam.gov.za/background/history.htm>.

<sup>65</sup> Vanu Gopala Menon, "Challenges Facing Small States at the UN" (Speech, Annual Meeting of the Academic Council on the United Nations System, Institute of International Relations at The University of the West Indies, St. Augustine Campus, Trinidad, Jun 2009).

in the multilateral structure, including the principle of sovereign equality. Crucially, the plurilateral structures found within the broader multilateral order, with limited membership, allow small states to engage in coalition building to influence these groups that often involve major powers. Plurilateral structures exist within the multilateral order because of the distribution of power among states. Either as members of these groups, or as observers outside these groups, small states use coalition building to advance multilateral principles, such as in influencing these groups to be more accountable to the wider international community or to reflect the agenda concerns of smaller states.

One body that demonstrates the power of small states in coalition building is the UNSC, which small states generally consider to be the “high table of international relations”.<sup>66</sup> As UNSC members, small states are able to use coalition building to influence outcomes, such as New Zealand’s lobbying efforts to declare the incidents Rwanda in 1994 a ‘genocide’.<sup>67</sup> Coalition building utilises the rules of voting in the UNSC, which requires the support of non-permanent members, to influence outcomes, so that small states have the opportunity to influence agendas and “fight for different, better outcomes” that may run counter to the interests of more powerful states.<sup>68</sup>

Outside of these structures, small states have advocated for greater transparency and accountability, thus strengthening multilateral norms. Small states have formed

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<sup>66</sup> Jim McLay, “Making a Difference: The Role of a Small State at the United Nations,” (speech, Juniata College, Huntingdon, PA, United States of America, 27 April 2011).

<sup>67</sup> Ibid.

<sup>68</sup> Ibid.

various pressure groups outside plurilateral structures, such as Switzerland's leadership of the Accountability, Coherence and Transparency (ACT) initiative to lobby the UNSC to enhance accountability to the wider UN membership.<sup>69</sup> The Global Governance Group (3G), set up by Singapore and Switzerland, was created with the aim of keeping the G20 engaged with the international community through the UN.<sup>70</sup> Plurilateral structures therefore provide small states with a diplomatic space to use coalition building to influence the institutional structure around them, so as to strengthen multilateral norms that align with their interests.

### ***Niche Diplomacy***

Second, small states may pursue **niche diplomacy**, by developing specialised expertise on a limited range of issues, including performing specialised functions.<sup>71</sup> On the one hand, this is a response to the limited diplomatic resources that small states can expend in multilateral institutions, thus restricting the breadth of issues they can deal with effectively. This strategy takes advantage of these circumstances by focusing its resources on issues that most closely match their national interests, so that they can contribute decisively and have the greatest chance to influence outcomes. On the other hand, niche diplomacy is made feasible through principles of sovereign equality that support the participation of small states in the multilateral structure, as

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<sup>69</sup> Volker Lehmann, "Reforming the Working Methods of the UN Security Council: The Next ACT," *Perspective: FES New York* (Aug 2013): 4-5.

<sup>70</sup> "Small States," *Ministry of Foreign Affairs, Singapore*, Government of Singapore, 2016, accessed 1 May 2017, [https://www.mfa.gov.sg/content/mfa/international\\_issues/small\\_states.html](https://www.mfa.gov.sg/content/mfa/international_issues/small_states.html).

<sup>71</sup> Alan K. Henrikson, "Diplomacy and Small States in Today's World" (lecture, The Dr Eric Williams Memorial Lecture Series, 12th Lecture, Central Bank of Trinidad and Tobago, 1998).



well as the features of multilateralism noted previously that amplify small states' voices, allowing them to influence agendas and organise movements to advocate specific issues.

One episode in which several small states continue to exercise niche diplomacy is the Law of the Sea, where small-island and coastal states have a major interest. They thus took on a larger role in negotiations for the UN Convention on the Law of the Sea (UNCLOS), where the Chair of the Third Conference was Ambassador Tommy Koh from Singapore, and the International Seabed Authority is now permanently sited in Jamaica.<sup>72</sup> In addition to strengthening a reputation for effective negotiation management, these states also become repositories of expertise for international maritime law, to which other states may turn when issues on the topic arise. By extension, the coalition building efforts identified earlier, such as in establishing the ACT and 3G groups, also have the potential to boost the credentials of leading small states as issue advocates and effective operators in the multilateral structure.

Functional specialisation adds a further dimension to our understanding of the niche diplomacy that small states have developed. Small states are able to position themselves as a service provider for specific needs of the international system, such as conflict mediation. Together with a reputation for peace or neutrality, states like Norway and Finland have been able to leverage multilateral forums and their rules of procedure to present themselves to other states as suitable candidates to facilitate conflict resolution. For example, Norway has been invited as an outsider to the UNSC 78 times between 2000 and 2007 to present its views on conflict-related issues,

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<sup>72</sup> Ibid.

despite not being part of these conflicts.<sup>73</sup>

In this manner, the vertical power hierarchies present in the multilateral order, and the generalised rules of conduct that characterise multilateralism, grant small states diplomatic space to carve a specialised role, through which the state can influence the institutional environment so as to strengthen its resilience. In particular, small states often undertake this strategy, as well as coalition building, in a way that strengthens and expands the multilateral forms of global governance that support these strategies in the first place.

#### **2.2.4 Strategic Relevance**

It remains for me to outline how small states can hope to boost strategic relevance through the strategies they undertake in the multilateral environment in order to surmount their constraints. First, this is most evident as an intermediate outcome in strategies of niche diplomacy. As the state comes to occupy a position of expertise in an issue area, its presence may be sought by both major powers and other states in multilateral initiatives. For example, having articulated peace diplomacy as a foreign policy priority in the 1990s, Norway, followed by other smaller Nordic states, have been profiled as peace-builders and actively build their 'brand' as mediators. While

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<sup>73</sup> Thorhallsson, "Small States in the UN Security Council," 148. These invitations are made under Rule 37 of the UNSC Provisional Rules of Procedure, which states that "Any Member of the United Nations which is not a member of the Security Council may be invited, as a result of a decision of the Security Council, to participate, without vote, in the discussion of any question brought before the Security Council when the Security Council considers that the interests of that Member are specially affected, or when a Member brings a matter to the attention of the Security Council in accordance with Article 35(1) of the Charter." See "Provisional Rules of Procedure," *United Nations Security Council*, accessed 1 May 2017, <http://www.un.org/en/sc/about/rules/chapter6.shtml> for more information.

earlier episodes such as the ‘Oslo Back Channel’ negotiations began with Norway initially playing an unplanned role, later instances of Norwegian mediation such as the Sri Lankan peace talks featured Norway being selected as mediator by the parties to the conflict.<sup>74</sup> The development of a reputation for a particular type of mediation enabled Norway and other Nordic states to gain relevance to parties in conflict, as well as major powers who had an interest in resolution of the conflict but did not have the capacity to facilitate it. Other facets of niche diplomacy present numerous examples that demonstrate the increased international presence that is an inevitable implication of a strategy that relies on building a country’s reputation.

On the other hand, coalition building achieves relevance for the leading small state, by increasing its utility towards other states in the coalition, as well as towards major powers by virtue of the increased negotiating strength of the bloc. In the 3G example cited in this paper’s earlier discussion of coalition building strategies, Singapore’s frequent invitations to attend G20 meetings is evidence of recognition from major powers that the 3G, and by extension Singapore, can contribute to the G20 process.<sup>75</sup> Its leadership of the group of small states and advocacy of global governance principles has put it in a position to facilitate engagement between the G20 and the wider UN body, at least nominally. Furthermore, given that the UN and several other multilateral forums function by the principle of ‘one state, one vote’, based on sovereign equality, small states that lead effective coalitions gain a stronger

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<sup>74</sup> Marko Lehti, and Jenny Saarinen, “Mediating Asymmetric Conflicts: A Survey on Nordic Studies on Peacemaking,” in *Nordic Approaches to Peace Mediation: Research Practices and Policies*, ed. Marko Lehti (Finland: Tampere Peace Research Institute, 2014), 58-60.

<sup>75</sup> Pradumna B. Rana, “Seoul G20 Summit: Will it Adopt Singapore’s 3G Ideas?” *RSIS Commentaries* 137/2010 (2010).

negotiating position and greater relevance to major powers since they possess a potential vote bank.

Therefore, small states that pursue these multilateral strategies achieve their foreign policy goals via the strategic relevance that is granted by these strategies. By extension, we can link the pursuit of these strategies to the perceptions of vulnerability that the model in Section 3 will be built around.

### 3 Modelling the Drivers of Strategic Choice in Small States

I have reviewed the ways in which small states attempt to influence their structural surroundings despite the constraints that they inevitably face. Small states choose these strategies with their foreign policy interests in mind – I outlined previously that in having to pursue strategic relevance, small states show that their foreign policy terrain is primarily concerned with weaknesses and vulnerabilities,<sup>76</sup> so that these strategies are undertaken with the aim of alleviating these gaps. It is here that our central puzzle emerges:

#### Research Question

**If small states are guided by similar foreign policy imperatives and constraints, which give rise to a set of strategies that they can undertake in the multilateral order, why do only some states pursue these strategies, while many others do not?**

In line with the rational choice framework that the earlier discussion used to explain the advancement of multilateralism, we might expect that the structural position of small states within this multilateral world order, and the associated diplomatic opportunities, would imply selection of strategies that take advantage of these structural opportunities to meet its vulnerabilities. However, few small states actively choose these strategies, and even fewer have been recognised for ‘punching above their weight’, an indication of successfully achieving the desired foreign policy outcomes of these strategies.

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<sup>76</sup> Payne, “Small States in the Global Politics of Development,” 623.

We have already identified that strategic relevance results from exercising the agency that small states possess by virtue of the multilateral order, which is manifested in their selection of the multilateral strategies outlined in Section 2.2. The key question posed in this paper is founded on the same core assumption of state agency, relying on the foreign policy decisions that small states can take in spite of their foreign policy terrain, which is defined by the structural constraints that underlie the traditional assessment of small states as ‘price takers’, bound to accept the international environment as-is and are unable to influence their environment on their own power.

This section builds a framework to understand the driving factors behind differing strategic choices in small states responding to similar structural vulnerabilities. This problem implies that structural sources of vulnerability must be insufficient in determining the foreign policy choices of small states; we turn to perceptions of vulnerability, rather than vulnerability itself, as the basis for political motivation to pursue multilateral strategies to achieve strategic relevance. Based on the critical junctures and national narratives that shape the state’s perception of vulnerability, ***Hypothesis 1*** postulates that as the severity of perceived vulnerability increases, states can be expected to have a stronger strategic vision to influence their structural environment through multilateral strategies

On the other hand, political motivation for a foreign policy decision towards multilateral strategies either cannot be conceived, or cannot be put into practice, without various domestic conditions that constitute the foreign policy capacity of the

state. This model identifies in *Hypothesis 2* that power resources and elite consensus given by public support enable particular strategic visions to be conceived, while administrative and bureaucratic capacity give effect to these political motivations in by way of executing multilateral strategies. This resolves the potential case where a small state does not pursue multilateral strategies, not for lack of strategic vision, but for being unable to do so. We can postulate that policy capacity is important for a small state to select and support multilateral strategies.

In constructing this model, I draw from the experiences of states that have availed themselves of the structural opportunities presented by multilateralism, in order to identify the key features of small states that appear to distinguish their choice to pursue these strategies.

### **3.1 Vulnerability and Political Motivation for Foreign Policy Strategies**

The central puzzle is that not all small states choose the multilateral strategies highlighted in the previous section, even though they are faced with a similar foreign policy terrain borne from structural features of ‘smallness’. Our recognition of the agency of small states implies that their motivation must be a key factor to differentiate states that avail themselves of these strategies. Having linked strategic relevance to these strategies, this model can postulate that it is the self-image of vulnerability, and what the state believes it can and should do in response, that are most salient in driving the strategic choices of small states.

#### ***Critical Junctures***

A small state’s vulnerabilities are grounded in some inescapable geographic or geopolitical feature of the state that constrains its foreign policy terrain. However, the state’s historical experience also shape perceptions of the state’s most pressing vulnerabilities, which add to the real constraints that the state faces in its external circumstances. A critical junctures approach identifies a broader systematic link between the different qualitative experiences of individual states and their perceptions of vulnerability that drive multilateral strategies.

The state’s experience of vulnerability varies in two dimensions – its content, and its intensity. In the former dimension, a perception of severe vulnerability in a small state is usually associated with questions that concern its sovereignty. Small states



generally lack the means to defend themselves by relying entirely on their assets, leading the international relations literature to sometimes define them as states that cannot obtain security via their own capabilities, instead relying fundamentally on outside powers;<sup>77</sup> furthermore, although small states may perform various specialised functions in the international system, including as trading hubs or strategic military locations, their intrinsic irrelevance to the workings of the international system mean that they may be able to fulfil these functions without being sovereign states, so that functional specialisation is not a guarantee of sovereignty.<sup>78</sup> Vulnerabilities associated with sovereignty include existential features particular to each state – rising sea levels threaten the physical existence and economic activity of low-lying island states such as Kiribati and Tuvalu,<sup>79</sup> while Singapore used to rely on Malaysia for most of its fresh water supply. These are issues that are perceived as particularly critical to the survival of these countries, for which unilateral capabilities are an insufficient response, thus indicating the necessity of multilateral responses or guarantees. In this way, the perceived vulnerabilities of the state are grounded in their experiences of the substantive features of ‘smallness’ that constitute the state’s constraints.

More importantly, we can expect that the more time-sensitive the critical experience is, the more severe the vulnerability perceived by the state. Periods of crisis are more likely to shape a lasting self-image of vulnerability than issues that are spread out over long periods of time, in a less violent manner. This may owe itself to the

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<sup>77</sup> Rothstein, *Alliances and Small Powers* as quoted in Keohane, “Lilliputians' Dilemmas,” 293.

<sup>78</sup> Bilahari Kausikan, “The Sovereignty of Small States,” *IPS Commons, Institute of Policy Studies*, 27 Jan 2015, <https://www.ipsccommons.sg/sp2015-speech-by-ambassador-bilahari-kausikan/>.

<sup>79</sup> Powles, “Making Waves in the Big Lagoon,” 68.

narrower margin of safety that small states appear to have for correcting mistakes or recovering from a crisis caused either by internal or external shocks.<sup>80</sup> In subsequently testing the model, this paper takes a particular look at the state's experience of self-determination, and its experience of externally induced crises, such as economic downturns that occur as part of a regional or global crisis. The former is a critical juncture that has shaped fundamental perceptions of vulnerability for many small states which gained independence in the post-war decades, especially in cases of decolonisation. In the process of achieving self-determination, the UN membership to which these small states aspire reflects their desire to receive international recognition of their independence and sovereignty, both normatively and under formal international law.<sup>81</sup> Where the self-determination process is sudden or fraught with violent struggle, we can imagine that the state would perceive its sovereignty to be more tenuous, and thus acquire a more serious threat perception that conditions all its other foreign policy decisions. A similar dynamic can be expected for states that encounter sudden changes in the external environment that engender crisis in the state, which may call attention to a state's true vulnerabilities, thereby fundamentally changing the state's perception of its weaknesses and necessary response.

Intuitively, then, if multilateral strategies are perceived to allow for a deeper and more durable response to some structural vulnerability, then a crisis involving that vulnerability can be expected to magnify its perceived severity, and hence increase the probability of selecting multilateral strategies to build strategic relevance in

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<sup>80</sup> Keohane, "Lilliputians' Dilemmas," 293.

<sup>81</sup> Thorhallsson, "Small States in the UN Security Council," 142.

response. A self-image of acute vulnerability, framed by existential threats that occur in a time-critical manner, can thus be associated with a foreign policy posture that appeals to multilateralism.

### *National Narrative*

While perceptions of vulnerability are rooted in structural features that confer weakness, a large part of these self-images may also be constructed as a national narrative, which may exceed or modify the actual vulnerabilities that it faces. It is this component of perceived vulnerability that the model is most concerned with, since it is the element that most closely shapes the paradigms that policymakers and the public discourse operate in. While rooted in the historical experiences and actual structural circumstances of the country, narratives are interpretative outcomes of these facts, and legitimise foreign and domestic policies that align with the paradigms that emerge from these narratives. Yet, these narratives lead to policy effect in the same manner as perceptions of vulnerability given by structural features do, hence a narrative of acute vulnerability that cannot be resolved by the state's intrinsic capabilities is likely to inspire political will for multilateral strategies. More interestingly, since narratives are interpretative, it is appropriate to consider the actors and possible purposes that shape these narratives, especially where they diverge from the true nature of threat.

### *Actors and Preferences*

The model thus far has identified the system-level interactions that influence perceptions of vulnerability, where the state is as the unit of analysis. However, the relevance of narratives implies a need to examine the actors that are responsible for crafting that narrative, and influencing the foreign policy decisions that follow therefrom. An actor-level analysis is key to understanding state agency as it relates to system-level effects. In particular, it bears highlighting that processes of nation building in a small state, especially in its early development, are largely elite-driven.<sup>82</sup> The vision that elites have for the nation's development, as well as consensus among them and formalised social partnership,<sup>83</sup> forms a cohesive worldview that informs the state's early responses to its foreign policy challenges. In Singapore's case, early national development was heavily guided by elites, beginning with the post-independence leadership and extending to political, bureaucratic and select professional elites.<sup>84</sup> Moreover, given the shift in focus from political to economic development after independence, elites emerged to replace civil society pressure groups as the most relevant actor in national development – that this shift is a function of the narrative of survival against the odds further adds to our observation that elites in Singapore have played a role in shaping the narrative that then drives their foreign policy decisions.<sup>85</sup> A state's choice of multilateral strategies can therefore be

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<sup>82</sup> Anton Steen, "Small States and National Elites in a Neoliberal Era," in *Small States in the Modern World: Vulnerabilities and Opportunities*, eds. Harald Baldersheim and Michael Keating (Cheltenham: Edward Elgar Publishing Limited, 2015), 183.

<sup>83</sup> Ibid.

<sup>84</sup> Peter S. J. Chen, "Elites and National Development in Singapore," *Southeast Asian Journal of Social Science* 3, No. 1 (1975): 19.

<sup>85</sup> Ibid., 20-21.

expected to reflect a strategic vision crafted among elites, of the state influencing its structural environment to build resilience and gain strategic relevance against its vulnerabilities. The preferences of elites should therefore be considered in the course of explaining the direction of foreign policy, and is especially relevant in a small state where the circle of elites is small and therefore potentially more cohesive and generate greater political effect.

It is to these actors that the model can attribute the agency that translates these challenges that a small state perceives to a particular choice of foreign policy action. The domestic political dynamics of small states enlarges the impact of particular political actors, especially in the early years of development, such that their political will to surmount the vulnerabilities that they have identified is crucial to the foreign policy direction adopted. By extension, foreign policy decisions to pursue multilateral strategies aimed at meeting the country's vulnerabilities ultimately rely on a strategic decision that is conceived and directed by a significant actor in the domestic policy milieu.

### **3.1.1 Implications for Political Motivation and Hypothesis 1**

These postulations of the factors that shape a state's political motivation to surmount its vulnerabilities draw from anecdotal observations of small states in multilateral settings, and extend the literature review's findings on multilateral strategies by extrapolating what these strategies imply about the state's domestic political

conditions. Two broad implications follow, that lead to our primary hypothesis on the driving factors for a small state's choice of foreign policy strategy.

First, a small state's self-image of vulnerability has been constructed in this model via frames of 'problem identification', each of which yields different insights into the construction of these perceptions. On the one hand, critical junctures show that small states' strategic decisions may relate to the intensity of vulnerability that it perceives in the external circumstances it is exposed to. Acute vulnerability where the state's survival is at stake, either as a function of domestic or regional circumstances, may be an important factor in shaping how states perceive the need for or suitability of multilateral strategies to meet these vulnerabilities. Just as potential foreign policy failures that are not as consequential for a major power can be catastrophic for a small state,<sup>86</sup> so attaining strategic relevance through these strategies may well be more critical for a small state that perceives it to be an existential matter.

On the other hand, sustaining a narrative of vulnerability allows the small state to continue to pursue the strategies that it believes to meet these needs, such as the multilateral strategies that we consider in this paper. At the same time, the continued perception of vulnerability and success of multilateral strategies in meeting the state's challenge may also contribute to sustaining this narrative of vulnerability.

Crucially, our approach considers that foreign policy strategy is conceived with the purpose of surmounting the vulnerabilities that the small state faces. We have previously assumed in the literature review that the state is in a position to use

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<sup>86</sup> Baldacchino, "Thucydides or Kissinger?," 28.

multilateral strategies if the state's perceived vulnerabilities find alignment with the formal identities provided by multilateral strategies. As such, the choice for a more proactive international presence and greater strategic relevance via multilateral strategies could correspond broadly to the effects identified above. We can therefore expect states to choose the strategies if they are aligned with the demands of the vulnerabilities.

Second, although each of the frames of understanding a state's vulnerability are rooted in exogenous, structural factors, they only acquire meaning via the agency of some individual or collective action by international or domestic actors. Furthermore, it is the foreign policy choice that gives these factors meaning – identification of vulnerabilities does not imply that the execution of a multilateral strategy to meet those challenges always follows. From the earlier analysis of the importance of actor preferences, we can expect that not only must the challenges identified align with the expected outcomes of multilateral strategies, but that elites must also articulate the vision to overcome these structural constraints through these strategies.

These two implications yield a hypothesis that identifies a plausible political mechanism that explains the driving forces behind small states' choice of strategy. We can postulate the following:

***Hypothesis 1: Political Motivation***

**A small state is more likely to select multilateral strategies aimed at overcoming their structural vulnerabilities, if it has identified a self-image of severe vulnerabilities, which is matched by political preference and**

**strategic vision among the state's veto political actors to overcome such vulnerabilities.**

I have built this model's variables on observations of positive state choice, and reconciled them with the conditions of a small state's agency that frame these choices. This allows us to then test the hypothesis against negative cases where the small state did not choose to pursue these strategies. A qualitative comparison of the presence of these variables in a negative case would yield insights into how critical these conditions are in differentiating the foreign policy decisions small states make.



### **3.2 Foreign Policy Capacity**

We have therefore modelled strategic choice in small states as a function of the preferences of political actors to overcome the state's self-image of vulnerability, which is itself shaped by the critical junctures that form the fundamental beliefs of the state and its actors, and the national narratives that originate therefrom political motivation of their leadership. However, in examining negative cases where states did not choose multilateral strategies, this paper must also consider the case where the state is unable to make the choice in the first place. Many small states have been associated with the characteristics of weak states; as such, any discussion of state agency in small states also has to consider the internal capacity for foreign policy decision-making. We examine several features of small states that may be vital in determining the foreign policy capacity of the state, which allows them to construct the political motivation to choose multilateral strategies.

#### ***Power Resources***

First, small states are often found to be weak states by virtue of their lack of power resources,<sup>87</sup> and separately, weak states are not associated with the multilateral strategies we have articulated. Small states that lack economic or political viability fall on the borderline of sovereignty, accentuating their structural vulnerabilities, and reducing their ability to sustain the diplomatic resources that are required to take

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<sup>87</sup> Michael Handel, *Weak States in the International System* (London, UK: Frank Cass, 1981), ch. 1.

advantage of the opportunities presented by the multilateral structure.<sup>88</sup> In this light, we have a general understanding that state viability is a major limiting factor for a small state's foreign policy, in a way that is not often shared by a larger power. On one level, state viability is reflected in the amount of political, economic and military resources that the state possesses, which enables it to fulfil the full functions of a sovereign state to its citizens. Externally, dependence on a larger state for hard power resources necessary for the small state's survival can compromise the capacity of a state to make independent foreign policy choices. In this way, power resources can be important in determining the capacity of small states to select multilateral strategies.

### ***Political Authority***

The linkage between foreign and domestic policy has been found to be closer in small states, not least due to the size of the bureaucracy and the population, and the inherent vulnerability of small state polities to penetration from external pressures.<sup>89</sup> At the same time, it is well established that foreign policy is driven largely by domestic political imperatives that give rise to the national interest of a state.<sup>90</sup> Putnam's (1998) conception of 'two-level games' puts it in a succinct manner – at the national level, political actors pressure the government to adopt favourable policies, while the

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<sup>88</sup> Menon, "Challenges Facing Small States at the UN".

<sup>89</sup> Handel, *Weak States in the International System*, ch. 1.

<sup>90</sup> Robert Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1988): 434. Also, practical policy evidence draws from Vivian Balakrishnan (Speech, Committee of Supply Debate, Parliament of Singapore, 2 Mar 2017) and other small state leaders' political speeches.

government holds power by responding to these interests; at the international level, on the other hand, governments have to defend against foreign developments, while seeking to maximise foreign policy gains to respond to domestic pressures.<sup>91</sup> As a result, even if the direction of foreign policy is crafted by elites, as noted in the previous discussion on actor preferences, the intended outcomes of foreign policy must ultimately be aligned with the domestic social and political interests that these elites represent.

We can therefore pinpoint two levels of effects with respect to political authority. On the one hand, elite consensus on the international identity and purpose of the state constrain the foreign policy strategies that the leadership can select. Conceptions of identity involve ideas of preferred social order, which condition how elites understand foreign policy developments in terms of its national interests. At the same time, elites must agree on the purpose of the state's existence – beliefs about its proper place in the world – which then shapes the responses to foreign policy challenges based on its desired outcomes.<sup>92</sup> In a sense, this adds to our earlier analysis of actor preferences, in that political will to overcome the structural vulnerabilities of the state remains conditional on elite consensus on the foreign policy terrain of the country, which the literature suggests are built on ideas of identity and purpose.

One important manifestation of elite consensus is in legislative politics that support government action. Tracing Denmark's change in foreign policy direction, from one of placing reservations on North Atlantic Treaty Organization (NATO) defence

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<sup>91</sup> Ibid.

<sup>92</sup> Giorgi Gvalia, David Siroky, Bidzina Lebanidze, and Zurab Iashvili, “Thinking Outside the Bloc: Explaining the Foreign Policies of Small States,” *Security Studies* 22 (2013): 108.

agreements, including on missile deployment, to one of full support, reveals the effect of shifting configurations of legislative politics. Although the former position was not aligned with the government's intentions, it had no alternative given that it was a coalition government, and had to adopt a contrary policy when its coalition partner voted with the parliamentary opposition on foreign policy issues. It was with a parliamentary resolution requiring visiting warships to be notified of Denmark's ban of nuclear weapons in its territory, that the government decided to call an election, which resulted in the Social Liberal Party abandoning the opposition and thus breaking the alternative majority on foreign policy.<sup>93</sup> This allowed the government to recover its pro-defence position while continuing to protect its economic reform which had restrained the government from attacking the parliamentary opposition before. It is clear that elite consensus is a key determinant of the capacity to choose specific foreign policy strategies, especially where this consensus is manifested in formal structures of domestic politics, especially visible in formal rule-based divisions in domestic politics.

On the other hand, the decisions made by the state's leadership is subject to legitimacy among the domestic interests that they represent. We can expect that the state's capacity for foreign policy choice would be strengthened when these choices are supported in the domestic political context. By extension, the small state's ability to flexibly choose different strategies to respond to changes in the international environment, and hence its resilience, has to be supported by an ability to adapt its

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<sup>93</sup> Fredrik Doerer, "International Constraints, Domestic Politics and Foreign Policy Change in Small States: The Fall of the Danish 'Footnote Policy'" (Presentation, SGIR 7<sup>th</sup> Pan-European IR Conference, Stockholm, Sweden, 9-11 Sep 2010).

domestic social contract to the “imperatives of externally mandated market forces”.<sup>94</sup> Sweden provides an example to draw upon – as a small open economy, Sweden has had to respond to changes in the global economy, especially in the growing importance of capital flows. This means attracting more foreign direct investment, which was once seen as a loss of state control – running at odds with the welfare state development model that forms a key element of the reputation of Swedish foreign policy. The change in foreign policy posture towards more ‘Europeanization’ of its economy has to then be supported by adaptation in the social contract of the welfare state.<sup>95</sup>

This theoretical basis supports our postulation that determinants of political authority in a small state, such as elite consensus on worldview and internal legitimacy of governance, are critical for policy capacity to select multilateral strategies.<sup>96</sup>

### ***Administrative and Bureaucratic Capacity***

Third, we can expect administrative and bureaucratic capacity to be especially critical in a small state, given that limited resources have to be optimised in prioritising foreign policy strategies. Not least among these resource constraints is the limited

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<sup>94</sup> Peter Katzenstein, *Small States in World Markets* (Ithaca: Cornell University Press, 1985) quoted in Christine Ingebritsen, “Streg Larsson and the New Globalism: Lessons from Sweden in an Uncertain Age,” in *Power in a Complex Global System*, eds. Louis W. Pauly and Bruce W. Jentleson (Abingdon, UK: Routledge, 2014), 38.

<sup>95</sup> Ingebritsen, “Streg Larsson and the New Globalism,” 37, 39.

<sup>96</sup> Bruce W. Jentleson and Louis W. Pauly, “Political Authority, Policy Capacity, and Twenty-first Century Governance,” in *Power in a Complex Global System*, eds. Louis W. Pauly and Bruce W. Jentleson (Abingdon, UK: Routledge, 2014), 8-9.

representation that small states can support internationally, especially in multilateral forums. As noted in our earlier discussion on coalition building as a strategy, small states have small delegations, and limited information-gathering capacity as a result.<sup>97</sup> Foreign Service management, which includes the development of a professional, competent Foreign Service, may therefore be an important element of building diplomatic capacity, responding directly to the physical constraints of a small state's diplomatic activity.<sup>98</sup>

Beyond the capacity to meet the physical requirements of representation in multilateral organisations, anecdotal evidence from small state diplomats indicate that quality of representation is essential to support multilateral strategies, especially with coalition building which relies on negotiations, and working within the rules of multilateral forums. In this, intensive preparation of negotiating positions, and effective coordination between delegations,<sup>99</sup> have been cited as important facets of diplomatic capacity that sustains these strategies, implying the competencies that might be considered as elements of a professional and competent Foreign Service. Quality representation enables a small state to respond to threats and opportunities as they arise in the system, especially through its ability to execute a nimble and flexible

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<sup>97</sup> Menon, "Challenges Facing Small States at the UN."

<sup>98</sup> Jacqueline Anne Braveboy-Wagner, "The Diplomacy of Caribbean Community States," in *The Diplomacies of Small States: Between Vulnerability and Resilience*, eds. Andrew F. Cooper and Timothy M. Shaw (Houndmills: Palgrave Macmillan, 2009), 96-115; and Baldur Thorhallsson, "Can Small States Choose their Own Size? The Case of a Nordic State – Iceland," in *The Diplomacies of Small States: Between Vulnerability and Resilience*, eds. Andrew F. Cooper and Timothy M. Shaw (Houndmills: Palgrave Macmillan, 2009), 119-142.

<sup>99</sup> Ibid.

foreign policy.<sup>100</sup> As demonstrated in the Swedish example above, flexibility as an element of diplomatic capacity contributes to the resilience of small state diplomacy.

### 3.2.1 Implications on Capacity and Hypothesis 2

Hence, we can construct a second hypothesis that fills a logical gap that emerged from the treatment of *Hypothesis 1* – the possibility that states do not choose multilateral strategies merely because they do not have the capacity to do so.

#### *Hypothesis 2: Foreign Policy Capacity*

**Small states must possess sufficient policy capacity in order to select and support multilateral strategies, which is given by power resources that grant the small state space to pursue an independent foreign policy, political authority grounded in elite consensus and domestic legitimacy of government, and bureaucratic and administrative capacity by way of a professional, competent Foreign Service and state bureaucracy.**

This second hypothesis adds a necessary condition to the first, based on existing models of the structural capacity constraints that small states suffer from, especially where they are seen as weak states as well. In this framework, we focus on the elements of policy capacity that are especially relevant in supporting small state multilateral activity. However, it lies beyond the capabilities of this paper to robustly test the each factor for their degree of necessity, in a way so as to imply an ordering of

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<sup>100</sup> Evelyn Goh and Daniel Chua, *Singapore Chronicles: Diplomacy* (Singapore: Straits Times Press & Institute of Policy Studies, 2015), 57.

the capabilities that are necessary to support a small state's selection of multilateral strategies. Rather, the aim of this second section of the comparative case study would be to relate capacity as an enabling factor, to the political motivation behind policy decisions, which constitutes the driving factor in this framework.



#### **4 Case Study: Iceland and Singapore as Small States**

Iceland provides a starting point for this comparative case study, in its lack of international participation as evidenced by its limited activity in the UN and other regional multilateral bodies. Its foreign policy posture chooses bilateralism over multilateralism as a preferred approach, and international participation is not seen as a primary means of securing the country's core foreign policy objectives.<sup>101</sup> In the UN, Iceland mounted a failed bid for the UNSC in 2008, the last among Nordic states to do so; it also has not undertaken the presidency of the General Assembly unlike other states of similar size.

Iceland can be strategically compared as a case that diverges from Singapore, which is known for its active international orientation through multilateral engagement. Perceiving multilateral structures to be a critical shelter for its sovereignty, Singapore has articulated strengthening the rules-based multilateral world order as one of its longstanding key foreign policy principles.<sup>102</sup> This has meant participation and leadership in multilateral frameworks, including its successful election to a UNSC seat from 2001 to 2002, leadership of small state coalitions, and positioning as a repository of good governance and development practices. Without prejudice to the success or outcomes of the strategies adopted by both countries, this section conducts a comparative analysis of the roots of their foreign policy postures, through the two variables of political motivation and capacity.

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<sup>101</sup> Baldur Thorhallsson, "Iceland's Contested European Policy: The Footprint of the Past – A Small and Insular Society," *Jean Monnet Occasional Paper* 02/2013 (2013): 16.

<sup>102</sup> Vivian Balakrishnan (Speech, Committee of Supply Debate, Parliament of Singapore, 2 Mar 2017).

This case study continues to draw on the rational choice framework outlined in the literature review, for its assumptions of small states' preferences for multilateralism, and the subsequent space for small states to choose multilateral strategies to gain strategic relevance and influence the multilateral order in their favour. The study of Iceland's foreign policy posture places alternative strategies in the same context of foreign policy choice, and shows how the state's substantively different political motivation and policy capacity reflects the different meanings that features of multilateralism hold for Iceland, thus framing its foreign policy choices that diverge from expectations.

### ***Formal Identity as Basis for Comparison***

The key vulnerabilities that Singapore identifies with are amply revealed by its leadership of FOSS and membership of other small state coalitions like AOSIS and SIDS. Like Singapore, the membership criteria or agenda focus of coalitions where Iceland is a member reveals that it shares similar sources of vulnerabilities as other small states. Apart from being a member of FOSS, Iceland has regularly reaffirmed its self-image as a small state, as evidenced by its Foreign Minister's annual reports to the Icelandic parliament.<sup>103</sup> With a small population of just above 330,000,<sup>104</sup> small land area compared to its Nordic neighbours, and island geography, Iceland shares the security and geographical concerns of many other small states. The first National

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<sup>103</sup> Foreign Minister's Report to the Parliament of Iceland (speech, Parliament of Iceland, 17 Mar 2016).

<sup>104</sup> "Population, total, Iceland," *World Bank*, accessed 1 May 2017, <http://data.worldbank.org/indicator/SP.POP.TOTL?locations=IS>.

Security Policy presented in 2016 details a familiar description – that the fundamental premise of Iceland’s security policy is its “status as a sparsely populated island that has neither the resources nor the desire to maintain an army and provides for its security and defence through active cooperation”.<sup>105</sup> Although it is not a developing state, Iceland has been involved in the SIDS grouping at the UN, where it supports discussions on the environment, sustainable development, and the law of the sea. Citing these issues as relevant to its survival reveals the vulnerabilities that Iceland perceives to be most critical.<sup>106</sup> Although it is not a formal member, Iceland has contributed Official Development Assistance and other funds to assist the least developed countries and SIDS in their international environmental obligations.

Sharing similar structural vulnerabilities, one might then expect Iceland’s strategies to mirror those of other small states, who actively pursue multilateral opportunities that align with their vulnerabilities. Iceland’s involvement with SIDS and other similar groupings organised around size matches these expectations – on top of launching a SIDS initiative in 2005 earmarking one million US dollars to support programmes addressing sustainable use of natural resources,<sup>107</sup> it has also funded an expansion of the Doing Business Report to cover more SIDS, and smaller states like itself. This has also led to financing a special Doing Business in SIDS report from 2008 onwards, ostensibly motivated by shared challenges of “small populations, limited resources, remoteness, susceptibility to natural disasters, vulnerability to external shocks,

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<sup>105</sup> “Parliamentary Resolution on a National Security Policy for Iceland” (Parliamentary document 1166, Parliament of Iceland, 13 Apr 2016).

<sup>106</sup> Hjálmar W. Hannesson (statement, High-level segment of the International Meeting for the 10-year Review of the 1994 Barbados Programme of Action (BPoA) on Small Island Developing States, Mauritius, 13 Jan 2005).

<sup>107</sup> Ibid.

disproportional dependence on international trade, high transportation and communication cost as well as limited opportunity for creating economies of scale” which lead to gains from working together.<sup>108</sup> It is worth noting that this example of increased international activity coincides with the aftermath of the 2008 financial crisis that crippled Iceland’s economy; this will be addressed in the subsequent discussion on critical junctures, although it suffices to note here that the financial crisis may have altered Iceland’s self-image of vulnerability, manifested in changes in Iceland’s identification with formal structures in the multilateral system. In Iceland’s limited international involvement, it has thus cleaved to structures that align with its identification of vulnerabilities.

It remains for this comparative study to explain why Iceland acts through multilateralism only on a limited range of the vulnerabilities shared with other small states including Singapore, and even then does not often carry the initiative for leadership in these multilateral structures.

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<sup>108</sup> Gunnar Pálsson (speech, Doing Business 2009 Small Islands Developing States Report Launch Workshop, Port Louis, Mauritius, 12 Nov 2008).

## **4.1 Summary of Facts: Foreign Policy Posture**

### **4.1.1 Iceland's Foreign Policy Posture**

I proceed to outline Iceland's foreign policy posture in terms of the strategies identified in the literature review. First, Iceland does not engage in significant coalition building to advance an agenda. It does not lead negotiating groups or informal coalitions in international organisations, but nevertheless works closely with other Nordic countries in negotiations, and regionally engages with the Nordic Council, of which it is a founding member. It also contributes to SIDS, although it is not a member of the grouping. Its most notable regional involvement is as a member of the European Economic Area (EEA), and it applied for membership in the EU in 2009, although this bid was suspended in 2015.

Iceland has also engaged in limited niche diplomacy, where it has not had a sustained effort to create a particular 'national brand' or issue expertise. This is especially notable given that its neighbours Norway and Sweden have actively positioned themselves as environmental advocates, stemming from their vulnerability to climate change in the Arctic Circle, a geographical position that Iceland shares. It nevertheless periodically highlights its environmental methods at international forums, such as the generation of 100 per cent of its heating and electricity supply from renewable sources – although this information is presented as an example of the feasibility of reducing fossil fuel dependence, rather than as an offer of expertise.<sup>109</sup> For its part, it hosts the United Nations University (UNU) Geothermal Training

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<sup>109</sup> Össur Skarphéðinsson (speech, 64<sup>th</sup> Session of the General Assembly, United Nations, New York, 26 Sep 2009).

Programme, Fisheries Training Programme, and Land Restoration Training Programme, which align with Iceland's most important domestic policy experiences.<sup>110</sup> This appears to indicate a model of norm entrepreneurship that emerges from domestic practice, and which does not appear to fall into a deliberate strategy to position itself as a leader on these issues.

This observation is supported by further instance of norm entrepreneurship that Iceland does not actively promote, but which has had influence on international diplomatic practice at large. Iceland, together with other Nordic states, has had a long-standing tradition of including parliamentarians and civil society representatives in diplomatic delegations to the UN General Assembly. This practice, based on a domestic political culture of participatory democracy, is now widely emulated as a model of private-public partnership in international diplomacy.<sup>111</sup> We can see that Iceland's normative influence on specific issues is not the product of an articulated strategy, nor has it exploited its expertise to position itself as a leading state on the subject. Its influence therefore still reflects its limited international participation.

For completeness, I also note that Iceland does not actively engage in functional forms of niche diplomacy, such as the mediation expertise cultivated by several of its Nordic neighbours. Like in its failed bid for the UNSC, Icelandic leaders cite the financial burden of international cooperation as unjustified for the direct benefits that

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<sup>110</sup> "Iceland and the United Nations," *Ministry of Foreign Affairs, Iceland*, accessed 1 May 2017, <http://www.iceland.is/iceland-abroad/un/nyc/iceland-and-the-un>.

<sup>111</sup> Yolanda Kemp Spies, "Middle Power Diplomacy," in *The SAGE Handbook of Diplomacy*, eds. Costas M. Constantinou, Pauline Kerr, and Paul Sharp (London: SAGE Publications Ltd, 2016), 286.

such strategies could yield; Iceland has thus not invested in developing these capabilities to provide a niche service to the international community.

In this way, Iceland may face similar structural weaknesses to other small states, by virtue of its regional position, but has not deemed international participation via the strategies we have identified as a suitable response to its challenges. This aligns with the central puzzle of explaining foreign policy decisions that diverge from those of other small states that share similar vulnerabilities.

#### **4.1.2 Singapore's Foreign Policy Posture**

Singapore's multilateralist foreign policy posture is borne out in both coalition building and niche diplomacy. Singapore is a member of several groupings of small or developing states which act as pressure or negotiating groups in multilateral forums, and leads several of them. On the one hand, its multilateral involvement in the period immediately following independence utilised multilateral structures as shelters for its sovereignty, indicated by participation in groupings for developing states, such as the G77 and NAM.<sup>112</sup> Singapore's membership in ASEAN was also put to use in the Cambodian issue in the 1980s, where the regional bloc was able to strengthen its collective negotiating power in the UN. In later years, Singapore developed leadership among small states, creating the FOSS in 1992. As an informal grouping, FOSS serves as a platform for exchange of ideas and to foster common positions on issues of mutual concern, so as to increase the voice of small states at the

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<sup>112</sup> "G77 and NAM," *Ministry of Foreign Affairs, Singapore*, Oct 2016, accessed 1 May 2017, [https://www.mfa.gov.sg/content/mfa/international\\_organisation\\_initiatives/g77\\_nam.html](https://www.mfa.gov.sg/content/mfa/international_organisation_initiatives/g77_nam.html).

UN.<sup>113</sup> Singapore continues to build on this initiative, such as with the inaugural FOSS Conference on Small States at the UN in 2012 that attracted high-level involvement from major powers, and the FOSS Fellowship Programme which brings small states' UN Permanent Representatives to Singapore for study visits. More recently, Singapore helped to set up the 3G, which is an informal grouping of thirty small and medium-sized states, that acts as a pressure group on the G20 to ensure that the G20 process is transparent and transparent. It is designed to ensure that the interests of smaller states outside the G20 process would not be "given short shrift", especially when the decisions of G20 members have the potential to affect non-members.<sup>114</sup> Singapore's use of coalition building is key to its expanded role in the UN, reflecting the primacy of multilateralism in Singapore's foreign policy.

Singapore has also positioned itself as a thought leader and knowledge centre for issues relating to governance and development, as elements of its model of development that forms part of its soft power strategy.<sup>115</sup> It shares expertise on sustainable development, including on urban planning and water management, with other small developing states through the Singapore Cooperation Programme.<sup>116</sup> Furthermore, it hosts the UN Development Programme Global Centre for Public Service Excellence, reaffirming both international recognition for its good governance

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<sup>113</sup> "Small States," *Ministry of Foreign Affairs, Singapore*.

<sup>114</sup> George Yeo, "Remarks by Minister for Foreign Affairs in Parliament" (speech, Committee of Supply Debate, Parliament of the Republic of Singapore, 5 Mar 2010).

<sup>115</sup> Chong, "Small State Soft Power Strategies: Virtual Enlargement," 399-401.

<sup>116</sup> "Sustainable Development," *Ministry of Foreign Affairs, Singapore*, Oct 2016, accessed 1 May 2017, [https://www.mfa.gov.sg/content/mfa/international\\_issues/sustainable\\_development\\_and\\_climate\\_change.html](https://www.mfa.gov.sg/content/mfa/international_issues/sustainable_development_and_climate_change.html).



and competent public service, as well as its positioning as a repository for expertise in these areas.

Functionally, Singapore continues to build on its role as a convener and constructive member of the international community, in areas that strengthen the multilateral principles and structures that protect its sovereignty. In addition to its then Permanent Representative to the UN Ambassador Tommy Koh's chairmanship of the Third UN Conference on the Law of the Sea that led to the adoption of UNCLOS, Singapore has also played a similar role in other forums. It hosted the first Ministerial Conference of the WTO in 1995, and last held the chairmanship of APEC in 2009. Its leaders are also regularly tapped upon for their views, such as in its Deputy Prime Minister Tharman Shanmugaratnam's appointment as chairman of a G20-convened Eminent Persons Group of international economists and leaders, tasked to review global financial governance.<sup>117</sup>

Singapore's multi-faceted multilateral involvement emerges from a foreign policy terrain marked by vulnerabilities that are familiar to many small states. From this basis, we are in a position to compare Iceland's selection away from multilateral strategies, and derive insights into the drivers and limits of foreign policy choice that may be extended to other small states as well.

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<sup>117</sup> Yan Min Chia, "DPM Tharman appointed chairman of top G20 group tasked to review global financial governance," *Straits Times* (Singapore), 22 Apr 2017, <http://www.straitstimes.com/business/economy/dpm-tharman-appointed-chairman-of-top-g20-group-tasked-to-review-global-financial>.

## 4.2 Political Motivation for Multilateralism

First, it is easiest to observe that Iceland's limited international participation is a direct result of the collective decision of its political leadership not to undertake such strategies. Crucially, however, this case is not one where the state did not do anything to respond to its vulnerabilities – rather, as we will discuss further, Iceland's strategies were designed to meet its immediate challenges, but its leadership did not see the need to attempt to change its structural environment to address deeper sources of vulnerability, thus constituting a narrow conception of national interests. On the other hand, Singapore's core leadership, which included Prime Minister Lee Kuan Yew, Foreign Minister S. Rajaratnam, and Defence and Finance Minister Goh Keng Swee, articulated a vision for overcoming the country's acute vulnerability to sovereignty challenges through an international orientation. Having conceived of the primary task of foreign policy as “safeguard(ing) (Singapore's) independence from external threats”, one of the key strategies was to support any measure, regionally or through the UN, that would enhance prospects for peace in the region.<sup>118</sup> From this, Singapore's foreign policy grew to accept that multilateralism was the most suitable response to its vulnerabilities, where it aimed to influence the structural environment to be more conducive for survival of small states, via a rules-based multilateral order.

While we might have expected multilateral strategies to create an environment where the small state can be less of a ‘price-taker’, as expressed in Singapore's foreign policy, Iceland's use of alternative strategies may indicate willingness to secure its

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<sup>118</sup> Sinnathamby Rajaratnam, “On Singapore's Foreign Policy, the Philosophy, Objectives and Principles of the New Nation” (speech, Parliamentary Debate, Parliament of the Republic of Singapore, 17 Dec 1965).

interests by meeting these challenges in a more reactive manner, that does not involve the need to become strategically relevant.

Our task here, then, is to reconcile Iceland's choice against international participation, with the political will that is still expressed to resolve the challenges that stem from its structural position. This discussion sheds light on substantive variations in political will that differentiate the outcomes of strategic choices.

#### **4.2.1 Actors and Preferences**

The absence of political motivation for international participation is an established fact of Iceland's foreign policy posture for most of its post-war existence. Iceland's failed bid for the UNSC is a case in point: it failed largely due to lack of enthusiasm within government ranks, as well as a sparse track record of participation in the multilateral organisation,<sup>119</sup> itself a result of a history of shunning active participation in multilateralism. This reveals an elite belief that prevailed through the greater part of Iceland's independence that its interests were best served not through multilateralism. As noted before, the country's candidacy was criticised for the financial and administrative burden the process placed on the government, without generating direct benefits.

In seeking direct benefits from its international engagements, Iceland's preferences indicate that its foreign policy is an extension of domestic political objectives,

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<sup>119</sup> Thorhallsson, "Iceland's Contested European Policy," 9.

aligning with the expectations of our model. However, in contrast to the Singapore case, focusing on direct benefits reveals that the foreign policy choices Iceland makes are aimed only at mitigating its immediate needs, instead of changing the structural environment that generates the deeper vulnerabilities that drive these needs. The articulation of foreign policy objectives further supports this observation.

Iceland's foreign policy has aligned with three general objectives: to secure its territory, including marine resources, to improve market access for its fisheries products, and to guarantee its defence.<sup>120</sup> These objectives directly identify the most pressing concerns facing Iceland, presenting solutions that address the primary policy implications of each facet of vulnerabilities. Their domestic orientation is confirmed by the policies that emerge from such objectives – in order to boost its defence, Iceland has chosen to pursue long-term defence arrangements with the US and NATO. NATO membership and the 1951 Defence Arrangement with the US remain the two pillars of Icelandic security policy.<sup>121</sup> Although NATO is a multilateral organisation, Iceland's reliance on NATO arrangements for defensive shelter appeals not to its multilateral principles, but to its collective defence guarantee and hard assets contributed by other members. Defence arrangements directly meet the state's territorial insecurity by guaranteeing military assistance in instances of territorial violation, but do not build up the defence capability of the country in a way as to fundamentally alter the lack of power resources facing the small state. Iceland remains the only NATO member that does not maintain a standing army, and its airspace is defended by rotating NATO air surveillance missions, supported by an air

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<sup>120</sup> Thorhallsson, "Iceland's Contested European Policy," 16.

<sup>121</sup> "Iceland and NATO," *Ministry for Foreign Affairs, Iceland*, accessed 6 Apr 2017, <https://www.mfa.is/foreign-policy/security/iceland-nato/>.

defence and surveillance system operated by Iceland.<sup>122</sup> By confirming this strategy in their first National Security Policy tabled in Parliament in 2016, which passed with a unanimous vote despite a coalition government,<sup>123</sup> we can observe a consensus among the Icelandic leadership that reliance on external help is sufficient for mitigating the country's security needs, without having to construct its own armed forces or appeal to international law or the rules of other multilateral frameworks.

Turning to the actors that operationalize these perspectives, there is the absence of conspicuous and longer-serving political actors in Iceland who promote multilateral strategies as a response to the country's challenges. On the one hand, Iceland's increased external orientation in the run up to the 2008 financial crisis can be matched with the more internationalist orientation of Foreign Ministers Geir H. Haarde (2005 – 2007) and Ingibjörg Sólrún Gísladóttir (2007 – 2009), who believed that Iceland was capable of international participation and had duties towards the wider international community.<sup>124</sup> However, political leaders have generally reverted to a more limited approach to foreign policy, mirroring the position championed by the former Foreign Minister and long-serving Prime Minister Davíð Oddsson that Iceland does not have the capacity for and would be too insignificant to benefit from greater participation in international organisations.<sup>125</sup> Even Gísladóttir suggested in 2010 that with public support for EU accession at an all-time low, withdrawing the EU application might be

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<sup>122</sup> Ibid.

<sup>123</sup> “Parliamentary Resolution on a National Security Policy for Iceland.”

<sup>124</sup> Thorhallsson, “Can Small States Choose Their Own Size,” 133-134.

<sup>125</sup> Ibid., 133.

an appropriate course of action – a course of action which materialised in 2015 after the election of a euro-sceptic government.<sup>126</sup>

Similarly, Singapore's foreign policy is aimed at meeting its vulnerabilities. However, its foreign policy principles take on a more external focus, revealing that its vulnerabilities are perceived to stem from its broader position in the international structure. Four pillars of objectives have been consistently articulated by the leadership: to conduct an independent and sovereign foreign policy, to promote ASEAN unity and centrality, to strengthen a rules-based multilateral system, and to support foreign policy with success as a nation-state and a united citizenry.<sup>127</sup> The policies that emerge from these objectives are therefore correspondingly internationally oriented. In particular, an independent foreign policy means that Singapore must not be in a position where it has to follow the foreign policy of an external power, which eventually implies constraints on domestic policy – to these ends, it has emphasised self-reliance on defence, and focused on developing a viable economy that does not rely on other countries for provision of basic resources. However, it has recognised that these successful domestic policies must be supported by international conditions conducive to Singapore, resulting in the adoption of the principle of non-alignment, while engaging with as many major powers as possible.<sup>128</sup>

That these policies have been shared by successive governments, and enjoyed parliamentary support over time, demonstrates the degree of cohesion in the foreign

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<sup>126</sup> Bjarni Brynjólfsson, "Explosive Politician," *Politico*, 21 Apr 2010, <http://www.politico.eu/article/explosive-politician/>.

<sup>127</sup> Vivian Balakrishnan (Speech, Committee of Supply Debate, Parliament of Singapore, 2 Mar 2017).

<sup>128</sup> Rajaratnam, "On Singapore's Foreign Policy."

policy outlook shared by elites. The model cited the centrality of elite preferences in the early development of a small state like Singapore. Not only did these elite preferences coalesce around multilateralism as a suitable strategy to meet the country's vulnerabilities, the core leadership that conceived of these ideas was also in office long enough, and had sufficient political authority within governing institutions to entrench their foreign policy outlook into the institutional culture of politics and the bureaucracy, especially the Foreign Service. This allowed for a strong, cohesive and nearly ideologically homogenous political and bureaucratic elite to promote the set of foreign policy strategies that continues till today.<sup>129</sup>

In comparison, the combination of political actor preferences, and the perception that limited, domestically oriented foreign policy objectives are sufficient in meeting the state's vulnerabilities, contribute to the lack of political motivation in Iceland to actively pursue the diplomatic strategies made available by the multilateral order. Although Iceland still has the political will to meet its vulnerabilities, its choice of strategies are not aimed at changing the state's relationship to its structural environment, but are instead designed to directly answer the immediate security and economic needs that are driven by these vulnerabilities. I can therefore add to the model's initial hypothesis with the observation that **veto actors must perceive that amending the state's structural position is possible and necessary in meeting its vulnerabilities, in order for multilateral strategies to be selected.** We thus return to the identification of these vulnerabilities to explain the root of political actors' preferences.

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<sup>129</sup> Chen, "Elites and National Development in Singapore," 22.

#### **4.2.2 Foreign Policy Terrain: Identification of Vulnerabilities**

We may explain how different political motivations emerge with reference to the way vulnerabilities are perceived, thus driving different policy choices. From the model, we can expect that deviation from a self-image of severe vulnerabilities leads to substantively different strategic visions observed in Iceland and Singapore.

##### ***Critical Junctures***

Some part of the above puzzle may be resolved with an understanding of the critical junctures that inform Iceland's self-image of vulnerability. Three episodes stand out in influencing the perceived severity of the country's vulnerabilities – acquiring independence, World War II, and the 2008 financial crisis – the first two of which particularly shape Iceland's threat perceptions and the policy options it sees as sufficient in meeting these threats. First, independence followed a largely peaceful progression, although its final stages took place against the tumultuous backdrop of World War II. From the constitution of 1874 which granted limited self-government, to 'Home rule' in 1904, and the Danish-Icelandic Act of Union of 1918 that established Iceland as a free and sovereign State under a common King with Denmark, independence was a gradual process that did not involve violent fissures. Furthermore, dissolution of the union with Denmark in 1944 was initiated by an act of



parliament and confirmed by a referendum in Iceland,<sup>130</sup> indicating that independence was taken to be a beneficial outcome that did not adversely affect the state's strategic position in a major way. In contrast with the Singapore case, this therefore meant that the process of independence in Iceland's history did not bear significantly upon its vulnerability, and both the long timeframe as well as Iceland's initiative demonstrate that its existence as an independent republic was not associated with an acute sense of vulnerability that might be expected to drive multilateral strategies.

Furthermore, the experience of the geo-strategic importance of Iceland in World War II alleviates some of the vulnerabilities that might ordinarily be conferred by its small size relative to its regional neighbours. The occupation of Iceland by British troops in 1940, and transfer of responsibility for protection to the US in 1941, took place in response to the German advance northwards on the Norwegian coast, and the threat to British security and sea traffic in the Atlantic that German occupation of Iceland would pose.<sup>131</sup> Furthermore, if occupied, air and naval bases in Iceland could support military activities in the northern Atlantic. Given these arrangements during the war, British and US influence in the domestic political decisions surrounding annulment of the Danish-Icelandic Act were significant – although support from these external powers for Iceland's independence was not always forthcoming, on account of timing and broader implications on the war effort, the eventual decision to sever the union after 1944 did not produce any objections, clearing the way for Iceland's sovereignty.<sup>132</sup> Iceland's interaction with the UK and US in the war reflects how its

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<sup>130</sup> Solrun B. Jensdottir Hardarson, "The 'Republic of Iceland' 1940-44: Anglo-American Attitudes and Influences," *Journal of Contemporary History* 9, No. 4 (1974): 27-29.

<sup>131</sup> *Ibid.*, 33.

<sup>132</sup> *Ibid.*, 48-55.

inherent strategic relevance shaped its perceived vulnerabilities relating to independence. On one level, it appears secure in its sovereignty despite not possessing any defence forces, part of which may be drawn from the shelter that its geo-strategic value provides. This contributes to its less acute perception of security-related vulnerabilities, and explains its continued appeal to the US and NATO (often referred to in Icelandic foreign policy documents as “the West”<sup>133</sup>) for its defence needs. Furthermore, Iceland’s experience with self-determination, where it did not need to appeal to multilateral frameworks, influences how political actors see multilateral strategies as less necessary in securing the country’s sovereignty. Importantly, the country’s strategic importance to the US and other regional powers granted Iceland the opportunity to make gains in bilateral interaction, such as in its extension of its fisheries zone to 200 miles despite protests from more powerful neighbours such as the UK.<sup>134</sup> However, these negotiating strategies also reveal a continued reliance on inherent geo-strategic importance to major powers, which belies a deeper vulnerability that the country has not actively addressed, in part because it has not manifested in a critical manner, save for external shocks in the last decade that may alter the foreign policy calculus.

As critical junctures, these shocks may fundamentally influence the state’s image of vulnerability, and thus the strategies that it pursues in response. For one, the security that Iceland found in the defence shelter provided by alliance with the US may have faced a fundamental recalculation when the US decided to close down its base in Iceland in 2006. With the end of the Cold War, Iceland gradually lost its strategic

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<sup>133</sup> Foreign Minister’s Report to the Parliament of Iceland, 2016.

<sup>134</sup> Thorhallsson, “Iceland’s Contested European Policy,” 9.

importance to the US, resulting eventually in the full withdrawal of the US presence.<sup>135</sup> Consequently, Iceland's appeal to NATO for air surveillance and prioritisation of cooperation with Nordic countries on defence and security is consistent with a heightened sense of vulnerability as a small state.<sup>136</sup> Iceland appears to be taking a more multilateral approach to its defence vulnerabilities, although these strategies are limited to subscription to multilateral arrangements, stopping short of adopting a proactive position to strengthen multilateral principles through these arrangements.

Furthermore, these changes in the security terrain coincided with the 2008 financial crisis, which severely affected Iceland's economy. With the collapse of the banking industry in November 2008, Iceland had to appeal to its Stand-by Arrangement with the IMF and additional financing from other Nordic countries, the Faroe Islands and Poland.<sup>137</sup> The financial crisis brought on an 8.1% cumulative contraction in 2009-2010, a deep recession from which Iceland is still recovering. It is worth noting that it was subject to a dispute with the UK over bank deposit guarantees, and the US withheld assistance to Iceland at the height of the credit crunch – deepening its perception of vulnerability relative to the pre-crisis state. While the crisis forced Iceland to seek assistance via multilateral channels, what is potentially more significant is a re-casting of the country's interests from a narrow focus on direct benefits to a broader conception of the importance of contributing to the work of the

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<sup>135</sup> Ibid., 10.

<sup>136</sup> "Parliamentary Resolution on a National Security Policy for Iceland".

<sup>137</sup> "Iceland's Economy Fact Sheet No. 2, 2014," *Ministry of Foreign Affairs, Iceland*, 2014, <https://www.mfa.is/media/utn-pdf-skjol/Fact-Sheet---No-2,-2014.pdf>.

international community,<sup>138</sup> where it might find additional shelter for its renewed economic and security vulnerabilities by cooperating with other small states and through regional organisations. Against the backdrop of these external shocks, Iceland's decision in 2009 to apply for European Union membership can therefore be understood as a part of this strategic response, the expected results of which can justify the additional constraints or responsibilities that come with EU membership, although these considerations may no longer be as salient now that Iceland is recovering, given that it has officially cancelled its application for membership.

The three moments in Iceland's history highlighted here illustrate that while Iceland identifies with sources of vulnerability common to other small states, its historical experiences are vital in explaining its different responses to various aspects of these vulnerabilities. In terms of security, while other small states appeal heavily to international law, and take the lead in strengthening the multilateral structures that give shelter to their security vulnerabilities, Iceland has instead turned to the US and NATO military presence for a greater part of its independent history. I have linked this behaviour to its peaceful progression of self-determination that did not confer acute immediate vulnerabilities, and Iceland's strategic importance through the Cold War allowed it to rely on bilateral relations with major powers for its security. This calculus was altered as the strategic environment changed to reduce Iceland's geo-strategic relevance, prompting greater emphasis on regional multilateral cooperation to meet security needs, such as through expanding engagement and identification with NATO, beyond its existing interaction solely as a collective defence guarantee and source of military presence. In line with this, its full-throated support of 'Western'

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<sup>138</sup> Thorhallsson, "Can Small States Choose Their Own Size," 123.

sanctions against Russian actions in Ukraine was couched in the language of international law dealing with peaceful settlement of disputes over territorial borders and respect for territorial sovereignty, principles cited as “important for a small nation”.<sup>139</sup>

In this light, it is useful to compare Iceland’s qualitative experiences, with the critical junctures that shape the extreme and immediate vulnerability that motivates multilateral action in Singapore. Two sets of circumstances stand out as formational experiences. First, Singapore’s early history as an independent state was marked by periods where its sovereignty was tenuous.<sup>140</sup> In contrast to Iceland’s largely peaceful and internally motivated journey to self-determination, Singapore had independence foisted upon it, following two years in federal union with Malaysia.<sup>141</sup> Singapore faced separation from Malaysia in 1965 owing to differing political values, which was followed by the withdrawal of British forces in 1971, thus heightening the territorial security concerns of the state. This occurred even while Singapore remained dependent on Malaysia for its main fresh water supply, which was seen as a matter of survival.<sup>142</sup> Furthermore, Singapore faced armed confrontation with Indonesia for its union with Malaysia, that included the MacDonald House bombing in 1965, for which two Indonesian marines were hanged and bilateral ties were severed.<sup>143</sup> These experiences come off the back of the country’s World War II occupation by Japanese

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<sup>139</sup> Foreign Minister’s Report to the Parliament of Iceland, 2016.

<sup>140</sup> Kwa, “Relating to the World,” 122.

<sup>141</sup> Kausikan, “The Sovereignty of Small States.”

<sup>142</sup> “Our Water: The Flow of Progress,” *Annual Report of the Public Utilities Board 2014/2015* (Singapore: Government of Singapore, 2015). The first Prime Minister Lee Kuan Yew is quoted that “every other policy had to bend at the knees for water survival”.

<sup>143</sup> “Konfrontasi (Confrontation) Ends,” *HistorySG, National Library Board*, 2014, <http://eresources.nlb.gov.sg/history/events/f950e04d-44d7-47ad-a10c-16dfb0cc9ce3>.

forces despite being defended as a British colony, which ingrained the psyche that as a small state, Singapore cannot afford to depend on external forces for defence or other basic features of a viable state.<sup>144</sup> These are among the incidents that fuelled the “insecurity of a small state caught in the middle of big neighbours”, and which provided Singapore with a self-image of severe vulnerability that continues till today.<sup>145</sup> This perception of vulnerability drives the state’s motivation to build strategic relevance founded on self-reliance, seen as the only viable response for a small state that lacks natural sources of relevance that can provide certainty for its sovereignty.

Second, the development of the global economic environment, together with Singapore’s lack of natural resources and location among larger neighbours, generated an economic need to become and remain a global city, interconnected with other cities as an important node in the global economy.<sup>146</sup> In particular, with the expulsion of Singapore from Malaysia, Singapore lost access to a common market and Malaysia’s natural resources and export base. Economic viability was critical to survival as an independent country, which emphasised how its sovereignty was conditional on the establishment of a viable state. The liberal world economic order founded on free trade through the WTO is therefore especially important to Singapore, in addition to successfully developing domestic productive capacity that fuelled an export-led strategy. Furthermore, as with the security terrain that

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<sup>144</sup> Keng Swee Goh (speech, The Establishment Dinner, Mandarin Hotel, Singapore, 25 Sep 1984).

<sup>145</sup> Mely Caballero-Anthony, *Regional Security in Southeast Asia: Beyond the ASEAN Way* (Singapore: Institute of Southeast Asian Studies, 2005), 69.

<sup>146</sup> Kwa, “Relating to the World,” 122. Also see: S Rajaratnam, “On Singapore: Global City; Singapore’s Aspiration and Role as a Global City and How It Can Contribute to Its Economic Success” (speech, Singapore Press Club, Singapore, 6 Feb 1972).

Singapore faced immediately after independence, multilateral principles provide a rules-based international system that shelters its vulnerabilities. This self-image of extreme vulnerability that still continues presently can then be associated with the country's actions to participate in and strengthen the multilateral system.

On one level, Iceland's actions align with the Singapore case and our expectations, that acute vulnerability, especially as it relates to small state sovereignty or security, would prompt greater appeal to multilateral principles that protect small state sovereignty, such as those of non-intervention and sovereign equality. However, the limited extent to which Iceland responds via multilateralism may require a further proposition added to the model – **the availability of defence guarantees by major powers, and a history of reliance on them, may limit the degree to which the small state cleaves to multilateral structures for defensive shelter.** Our conception of 'severe vulnerability' that we expect to drive multilateralism may therefore include a lack of available military, political or economic guarantees, which might have sufficed in meeting the small state's needs as a shelter with direct benefits.

The latter observation may be expanded to account for Iceland's response to its renewed economic vulnerabilities, where the 2008 financial crisis demonstrated the vulnerability of a small open economy's banking sector, not only to foreign capital flows, but also to diplomatic pressure. This crisis brought to light the limits of a small state's financial capacity to support a large financial sector operating outside of its borders, and can be seen to catalyse Iceland's initial application for European Union membership. However, this appeal to a multilateral framework is notably not targeted at influencing the structural environment around Iceland, but rather is designed to

gain the financial protection of EU membership.<sup>147</sup> As with signing up to European integration via the European Free Trade Association (EFTA) in 1970 and EEA membership in the 1990s, which guaranteed market access for Iceland's important fisheries exports, the financial guarantees of EU membership provide a shelter that meets its needs. The availability of a regional guarantee could thus absolve the need for further involvement in influencing multilateral structures to improve Iceland's economic resilience.

We therefore add to our understanding of how perception of vulnerability motivates foreign policy action towards multilateral strategies. Although severe vulnerability in small states increases the attractiveness of multilateral strategies, the historical experience of the state influences its perception of multilateralism as a policy option, especially where the condition of severe vulnerability is a new development. Furthermore, vulnerability perceptions are weakened by the availability of arrangements in the state's immediate international environment that provide political, security and economic shelter. The availability of these arrangements reduces the need to appeal to the weaker guarantees of multilateral principles.

### ***National Narrative***

As a result of the types of critical junctures that Iceland has experienced, there is no sustained narrative of vulnerability or survival that one might expect to drive a multilateral orientation. On the other hand, Singapore's policymakers and public

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<sup>147</sup> Thorhallsson, "Can Small States Choose Their Own Size," 129.



discourse continue to be guided by an image of smallness and vulnerability that is frequently articulated in public, which is grounded in the critical experiences of the state highlighted in the previous section – a tenuous journey of independence, the experience of colonialism and the Japanese Occupation, and its reliance on the global economy for its economic development. Efforts to maintain this narrative of severe vulnerability are marked by public education campaigns, such as Total Defence Day which is commemorated annually on the anniversary of the surrender of Singapore in World War II,<sup>148</sup> and the National Education programme launched in schools to inculcate knowledge of the country's history and vulnerabilities among students.<sup>149</sup> It can be puzzling to consider that Singapore continues to actively portray this image, characterised by exposure to external economic forces and major power actions that erode international rule of law and threaten the sovereignty of the county – even though it faces a less acutely threatening external environment than before.<sup>150</sup> This narrative of severe vulnerability is especially striking when considering that Singapore has at the same time been able to carve its place in the region as a strategic location, building on the British image of Singapore's role in the Empire's trade and defence, even though this position in the regional order is not self-evident. Singapore may not be as helpless as it makes itself out to be, but this characterisation that its sovereignty should not be taken for granted shapes its response to its region, including its assertiveness in its relations with Indonesia and Malaysia that have sometimes

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<sup>148</sup> "Factsheet: Total Defence Campaign 2017," *Ministry of Defence, Singapore*, 15 Feb 2017, [https://www.mindef.gov.sg/imindef/press\\_room/details.html?name=15feb17\\_fs&date=2017-02-15#.WPddmlKp3Vo](https://www.mindef.gov.sg/imindef/press_room/details.html?name=15feb17_fs&date=2017-02-15#.WPddmlKp3Vo).

<sup>149</sup> Hsien Loong Lee (speech, Launch of National Education, TCS TV Theatre, Singapore, 17 May 1997).

<sup>150</sup> Vivian Balakrishnan (Speech, Committee of Supply Debate, Parliament of Singapore, 2 Mar 2017).

resulted in bilateral tensions.<sup>151</sup> It is evident, then, that a small state's narrative of vulnerability is equally or even more salient than the structural weaknesses of the state, in driving foreign policy action. While this narrative is derived from the structural sources of vulnerability that are also reflected in the state's formal identification and critical junctures, it is also relevant here to consider the motivations of various actors in shaping this narrative.

On the other hand, the national story that guides Iceland's worldview is based around two pillars of self-determination and successful bilateral interaction with major powers. The former is centred on the Icelandic nationalist discourse that emerged during the struggle for independence, which is based on Iceland's geographic isolation from mainland Europe (and by extension, Denmark), and on its uniqueness of language and culture that was seen to confer a right to nationhood.<sup>152</sup> The location of Iceland in the middle of the north Atlantic granted a clearly bounded territory that formed the basis for the movement's claim of the right to be free from integration into a larger geographical unit – the geographical features of an island, which often presents other small states like Singapore with a set of vulnerabilities, is instead drawn upon to support the *raison d'être* of the state. On the other hand, it was argued that Iceland was the “only Germanic nation to preserve the old language”,<sup>153</sup> and hence has preserved a distinctive homogenous culture that forms the basis for a national community. The country's existence was therefore not contingent on formal recognition of its sovereignty alone, but is founded on a localized identity – the

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<sup>151</sup> Kwa, “Relating to the World,” 124.

<sup>152</sup> Guðmundur Hálfðanarson, “Iceland: A Peaceful Secession,” *Scandinavian Journal of History* 25, No. 1-2 (2000): 91.

<sup>153</sup> *Ibid.*, 91.

incentive then is to emphasize this identity, which may come at the expense of interaction with the wider world. While the narrative of independence gives a prominent role to Jón Sigurðsson and other nationalist leaders, this may reduce the extent to which Iceland's independence is seen by locals as subject to US and British actions. While we have amply covered why the peaceful nature of Iceland's journey to independence might contribute to its benign sense of vulnerability in being an independent small state, the national narrative that emerges from this experience adds to the less internationalist foreign policy posture that prevails today.

Second, Iceland's successful extension of its fishing zone to 200 miles, against British objections, is often cited as evidence that small states can wield outsized power and influence, even against major powers. In identifying the episode as a unilateral foreign policy success, the domestic discourse on the dispute propagates the narrative that Iceland's bilateral approach could be successful without needing to appeal to multilateral forums.<sup>154</sup> Just as the narrative of severe vulnerability is sustained in Singapore beyond its actual vulnerabilities, the idea of Iceland's 'victories' emphasises one aspect of the episode, at the expense of the exogenous international factors that contributed to its success, including the law of the sea and pressure from the US and NATO allies. This weakens the perception of vulnerability among the public and decision makers, and supports bilateral strategies for the expected gains it can offer. The experience of renewed vulnerability in the face of British and Dutch diplomatic pressure during the crisis may therefore serve to alter this narrative of bilateralism drastically, and hence condition a different foreign policy approach.

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<sup>154</sup> Thorhallsson, "Iceland's Contested European Policy," 9.

These observations align with our expectations that the construction of the national narrative is important in conditioning the multilateral orientation of foreign policy, by way of its perception of vulnerability. A narrative that emphasises the uniqueness of a nation and successful self-reliance in foreign policy is less likely to support multilateral strategies. We can see some effect of actors' purposes here – Icelandic society's unique identity was emphasised as part of its elites' quest for self-determination, which then has a lasting legacy on its international outlook. Singapore's emphasis on vulnerability and inherent uncertainty of sovereignty justifies a more hard-nosed and pragmatic foreign policy, which carries implications on domestic policy with its perceived need to maintain an open and competitive economy, as well as political stability. What these narratives share, regardless of the actor that crafts them, is an implicit choice to highlight certain aspects of historical experience, at the expense of others; examining the relative emphases of these narratives, and the elements that are given less attention, allows us to explain the roots of the country's general foreign policy orientation.

### **4.3 Findings on the Effects of Vulnerability on Political Motivation**

This section comparatively examined the foreign policy posture of Singapore and Iceland for the political motivations that drive them. We see that the identification of vulnerabilities can explain the differences between the two cases, in terms of political motivation to select multilateral strategies. The Icelandic case, however, raises additional questions that add to our understanding of the dynamics affecting perceptions of vulnerability, and the policy preferences of political actors that emerge as a result, which eventually influences the international orientation of foreign policy strategies.

Iceland and Singapore share formal identification as small states, as evidenced in their membership of groups and coalitions in international multilateral forums. From the two countries' words and actions in these forums, we can understand common membership to imply identification with similar vulnerabilities that stem from their structural positions as small states. Yet, shared vulnerabilities have not led to the same foreign policy choices, where Iceland only turns to multilateral frameworks for limited issue areas and refrains from asserting leadership when it does. Given similar sources of vulnerabilities, this must then indicate divergence in perceived vulnerabilities, which have been examined through two frames of reference: critical junctures and national narratives.

National narratives provide a broader view of the formative forces behind the foreign policy decisions that these small states take. The two cases provide opposing constructions of national identity and its relationship to the world, which are shown to

be significant in conditioning the basic approach towards foreign policy. In each case, the national narrative moves beyond the actual historical experience to emphasise various facets, one effect of which is to craft the country's self-image of vulnerability. Here, Singapore continues to actively portray an image of vulnerability to breaches of sovereignty, thus supporting a more aggressive defence of multilateral principles and a more international orientation. On the other hand, Iceland's national narrative is built around its unique identity and successes in standing up to major powers, which lead to a more inward-looking orientation and supports prioritisation of bilateral negotiations. While these narratives that form the identity of the nation guide policy decisions as they relate to overcoming vulnerability, they only give an indication of the general relationship that the state envisions with the world; explaining the specific choices that these states make in relation to their vulnerabilities requires a closer look at the historical experiences that form the basis of these narratives.

The critical junctures that have been highlighted in each case demonstrate how historical experiences shape the severity of perceptions of vulnerability. Between the two cases, a peaceful and longer step-wise progression towards independence appears to have been a key differentiator of the acute vulnerability that moves small states to actively promote multilateral principles to protect their sovereignty. In addition, Iceland's choice of bilateralism, particularly in its defence arrangements, may be ascribed to the availability of arrangements in the state's immediate environment that guarantee political, security and economic shelter. Therefore, while moments of acute vulnerability can move small states to take shelter in multilateral principles given their limited resources, the case study indicates that a reverse logic may also

apply for the negative case: when more certain guarantees that do not amount to multilateralism are available, the sense of vulnerability may also be weakened, thus absolving the small state of the necessity of multilateral shelters.

Furthermore, applying these dynamics within specific issue areas can explain the variation in multilateral participation of an individual small state across issue areas. In particular, Iceland's case can initially present a puzzle, since it chooses multilateral forums to address issues in which it does not have an immediate vulnerability that requires the shelter of cooperation in multilateralism. Iceland's persistent international activities in multilateral forums focus on environmental and energy concerns affecting small states, areas of vulnerability that are inherent to the state's geography rather than subject to bilateral interactions with major powers.

In the model, multilateral activities in these areas have been ascribed to severe vulnerabilities that impact the survival of the small state in question. Instead, Iceland's multilateral involvement instead stems from its own experiences in developing technology to utilise its abundance of geothermal and hydroelectric energy. Iceland's energy programme was not entirely a response to some vulnerability, as was the case with water in Singapore; instead, its experience with replacing nearly 100% of its electricity consumption with renewable energy sources is driven by economics of abundant supply relative to country size, and the comparatively low cost of harnessing these energy sources.<sup>155</sup>

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<sup>155</sup> "The Energy Sector," *Askja Energy: The Independent Icelandic and Northern Energy Portal*, accessed 20 Apr 2017, <https://askjaenergy.com/iceland-introduction/iceland-energy-sector/>.

Two possible explanations can reconcile Iceland's strategic foreign policy choices with our expectations of small state behaviour. First, Iceland's contributions towards developing and sharing sustainable development know-how may be associated with a general strategy to gain strategic relevance. Strategic relevance may be seen as a suitable policy goal especially following the decrease in its geo-strategic military importance to the US and Atlantic powers; casting itself as a niche expert on sustainable resource and energy development may improve its diplomatic resilience. In fact, Iceland has become a leading exporter of geothermal expertise, both as part of bilateral development assistance, and as an industry, with Icelandic companies involved in geothermal projects worldwide.<sup>156</sup> However, our model expects that such a motivation would accompany a more general internationalist orientation, which reflects a strategic vision for a more consequential position in the world than that which small states often occupy. This assumption does not appear to hold in Iceland's case, having exhibited little interest in international activity and lacking any articulated vision of its place in the world, as has been described in our analysis of actor preferences.

Therefore, rather than being motivated by strategic relevance driven by vulnerability, Iceland's export of renewable energy expertise may have had more limited economic goals, but achieved some level of strategic relevance as an unintended consequence. The economic focus of the industry is illustrated by a proposal to build an undersea cable to transmit electricity from Iceland to Britain and mainland Europe, thus

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<sup>156</sup> "Export of Know-How," *National Energy Authority, Iceland*, accessed 12 Apr 2017, <http://www.nea.is/the-national-energy-authority/export-of-know-how/>.



enabling the export of competitively produced electricity.<sup>157</sup> It is here that we may draw a key difference between strategic choices that are intentional, and those that are *ad hoc* and opportunistic, adding a layer of complexity to our model of foreign policy choice.

Second, we may argue that although energy management is not an immediate vulnerability, environmental issues including climate change will eventually affect the country, for which there is no unilateral remedy. Moreover, climate change eventually has a disproportionate effect on small island states and Arctic regions,<sup>158</sup> an inescapable geographical fact that confers even a longer-term vulnerability that could underlie the country's motivation to engage in multilateral cooperation in these areas. Yet, Iceland falls behind its Nordic neighbours in environmental advocacy, even while they face similar ecological challenges. This observation could indicate that Iceland was undertaking multilateral strategies in accordance with its limited administrative capacity, which hints at state capacity as a second variable that may differentiate the foreign policy choices of small states.

These effects serve to influence the political will expressed by political actors to surmount the state's structural vulnerabilities through multilateral strategies. We have found that the decision to pursue multilateral strategies eventually rests on veto political actors who must have the will to do so, founded on a vision to surmount the state's vulnerabilities by influencing the state's structural environment. In particular,

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<sup>157</sup> Schumpeter, "Icelandic Electricity: Power Under the Sea," *The Economist*, 20 Jan 2014, <http://www.economist.com/blogs/schumpeter/2014/01/icelandic-electricity>.

<sup>158</sup> Ki-Moon Ban, "Secretary-General's address to the Arctic Circle Assembly," (speech, Reykjavik, Iceland, 8 Oct 2016).

Iceland's case demonstrates that beyond political will to meet the challenges of survival as a small state, decision makers must believe that amending the state's relationship to its structural environment is both possible and necessary. These beliefs are in turn conditioned by the way the state's vulnerabilities are perceived, so that these vulnerabilities may be best responded to through multilateral strategies if they are acute and immediate, and there are no available arrangements around the state that guarantee shelter for these vulnerabilities.

#### 4.4 Capacity for Foreign Policy Choice

##### *Power Resources*

The two cases of Iceland and Singapore have traditionally suffered from a lack of hard power resources, as is expected of most small states. Singapore's pre-independence economy was driven almost entirely by entrepôt trade and low-end commerce, with little manufacturing industrial capacity.<sup>159</sup> Furthermore, upon gaining independence, Singapore lost access to raw materials from Malaysia, and prospects for a common market that had been expected to drive Singapore's exports. Coupled with its lack of defensive capability, given its reliance on British forces which were withdrawn in 1971, Singapore was at one time lacking in basic viability as a state. This conditions exacerbated perceptions of vulnerability, which drove multilateral activity in its early independence to boost its formal sovereignty through recognition and participation in the UN system. This kind of multilateral activity differs from the aforementioned strategies that aim to influence and strengthen multilateral structures themselves, which were only adopted in the context of Singapore's later economic success and political stability, particularly in financially supporting multilateral initiatives as well as providing a successful development model that forms part of its soft power.<sup>160</sup>

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<sup>159</sup> "Our Economic History: The Sixties," *Singapore Economic Development Board*, accessed 1 May 2017, <https://www.edb.gov.sg/content/edb/en/why-singapore/about-singapore/our-history/1960s.html>.

<sup>160</sup> Alan Chong, "Singapore and the Soft Power Experience," in *The Diplomacies of Small States: Between Vulnerability and Resilience*, eds. Andrew F. Cooper and Timothy M. Shaw (Houndmills: Palgrave Macmillan, 2009), 74-76.

This evolution of multilateral posture towards a more proactive and structurally targeted one can therefore be traced to the availability of more power resources – a greater capacity to support expanded multilateral activities may allow the country's leadership to conceive of a stronger position for the country in the global structure, achieved through these strategies to meet the country's vulnerabilities. Capacity given by power resources therefore influences the shape of elite ideas that constitute political motivation.

More importantly, Singapore's consequent emphasis on being self-reliant for its security and independent in its economic production points towards the recognition that non-reliance on a major power for strategic resources is critical in order to undertake foreign policy actions without being constrained by major powers. In its use of multilateral forums and their rules to uphold international rule of law, especially the principles of non-intervention and respect for territorial integrity of sovereign states, Singapore has on occasion taken a position against its major power partners – one example that stands out in Singapore's history is its opposition to the US invasion of Grenada on point of principle in 1983.<sup>161</sup> That Singapore is in a position to withstand frictions in bilateral diplomatic relations with major powers, which may result from its multilateral activities, reveals that major powers are not in a position to exert a veto influence on Singapore's actions, such as by withholding resources. This indicates that the possession of key resources, in a way so that the state is not beholden in an existential manner to any major power, may be especially important for the capacity of small states to mount multilateral strategies independently, based on its own political motivation to do so.

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<sup>161</sup> Chong Guan Kwa, *S Rajaratnam on Singapore: From Ideas to Reality* (Singapore: World Scientific, 2006), 12-13.

### ***Political Authority***

Both Singapore and Iceland demonstrate the link between domestic politics and foreign policy capacity. In its post-independence years, Singapore has been led by a relatively unified political leadership. Specifically, after the expulsion of communist elements in the ruling People's Action Party, the party's electoral dominance allowed for its leadership's policy direction to be co-opted among all veto political actors. Furthermore, while we cannot draw any conclusions on the necessity of public support for Singapore's multilateral strategies, the continued efforts of the government in highlighting the state's vulnerability to the public, such as through parliamentary speeches or school programmes,<sup>162</sup> may indicate a perceived need to align public threat perceptions with the strategies that the governing elite has the political will and vision to achieve.

Along the same lines, Iceland's experience with its abandoned EU application coincides with changes in public perception that are reflected in the electoral success of a new coalition government. The financial crisis was instrumental in dividing public opinion on the European project, as part of a general erosion of the government's domestic legitimacy. EU accession, which is part of Iceland's multilateral posture, thus became a domestic political issue, where highly fragmented and polarised positions among elites paralleled divisions in public opinion, and reflected different elite-driven narratives of alternative trajectories for the future of

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<sup>162</sup> "Factsheet: Total Defence Campaign 2017," *Ministry of Defence, Singapore*.

Iceland.<sup>163</sup> In line with the model, fundamental changes in the state's domestic politics, led by division of elite opinion, could not support multilateral strategies dealing with economic recovery and the EU. At the same time, as with Singapore, the Icelandic case also reveals the effect of elite narratives in generating public support for the EU project, while elite contestation demonstrates how these different narratives and public opinions undermine the centralised political authority needed to give effect to a multilateral strategy. It is worth noting that political authority in this sense is not associated solely with multilateralism, but with the strategic selection of any foreign policy posture as a whole.

We have thus found support in both cases for our expectation that public support for multilateralism facilitates selection of multilateral strategies, insofar as it allows for elite consensus. Public support affects government capacity to select particular strategies, by virtue of political legitimacy of the leadership and its policies, while elite consensus reflects public support as well as the ability of the government to carry a foreign policy choice according to the rules of political institutions, such as approval in the legislature.

### *Administrative and Bureaucratic Capacity*

Having seen that Icelandic political leaders often cite limited administrative capacity as an obstacle to greater international participation, we examine how individual

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<sup>163</sup> Julian Clark and Alun Jones, "After 'the collapse': Strategic selectivity, Icelandic state elites and the management of European Union accession," *Political Geography* 31 (2012): 71.

elements of administrative capacity may relate to political will in order to support strategic choice.

First, Iceland's experience following the financial crisis sheds light on the tangible effects of lack of financial resources. In 2016, the Foreign Minister told Parliament that budget cuts over the last few years had affected the country's participation in international cooperation, which involved closure of four missions, including its permanent mission to the Council of Europe in Strasbourg, which is remarkable considering the country's substantial interests in Europe.<sup>164</sup> This is reminiscent of the country's refusal to take up chairmanship of the Council of Europe before 1999, citing limited administrative capacity. Furthermore, its 2008 bid for a UNSC seat made clear the constraints that financial and administrative capacity have on attempts to expand a state's international activity. From 2001 to 2008, Iceland's campaign was expected to cost about ISK 320 million (USD 4.9 million), which constituted a low proportion of the Foreign Ministry's budget of ISK 4.97 billion in 2001 and 11.8 billion in 2009.<sup>165</sup> Coupled with the limited effects of Iceland's UNSC campaign, this data supports our argument that a limited budget would be unable to support the requirements of greater international activity. Most of the budget for the campaign went towards doubling staffing at its permanent mission to the UN,<sup>166</sup> which would then have constituted nearly 10 per cent of Iceland's diplomatic corps, had it won the seat. Without the capacity to sustain this kind of representation, Iceland's

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<sup>164</sup> "Minister presents annual report on Foreign and International Affairs to Parliament," *Ministry of Foreign Affairs, Iceland*, 17 Mar 2016, <https://www.mfa.is/news-and-publications/minister-presents-annual-report-on-foreign-and-international-affairs-to-parliament>.

<sup>165</sup> Budget Proposal Highlights from 2001 to 2016, Ministry of Finance, Iceland.

<sup>166</sup> "Iceland's UN Campaign Costs 250 Million," *Iceland Review*, 5 Sep 2007, <http://icelandreview.com/news/2007/09/05/icelands-un-campaign-costs-250-million>.

international involvement is critically limited, especially in fulfilling essential information gathering and processing tasks that are central to a greater role in the multilateral structure – for which Iceland heavily relies on Nordic cooperation across various issue areas.

Singapore's successful bid for the UNSC in 2001 reflected the same requirements of substantial financial and political capital over several years of campaigning.<sup>167</sup>

Furthermore, since the UNSC seat was also a strategy to demonstrate willingness to shoulder additional responsibilities in strengthening multilateral cooperation, Singapore's international commitments have grown over the years, with continued involvement in various international bodies such as the INTERPOL Executive Committee and International Civil Aviation Organisation (ICAO), among others.<sup>168</sup>

This has paralleled annual increases in the Foreign Ministry's budget, particularly in its operating expenditure which saw a major 16.8% increase from FY2014 to FY2015, followed by a 1.7% increase in FY2016, and a projected 1.6% increase in FY2017.<sup>169</sup> The substantial increase in FY2015 was attributed to higher running costs and transfers under technical assistance through the Singapore Cooperation Programme, and higher contributions to the UN Regular Budget and UN Peacekeeping Operations. Fiscal and administrative capacity therefore appear to be a critical limiting factor in the availability of multilateral strategies as an option; without these resources, it is difficult for a small state to give effect to any political

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<sup>167</sup> James Raymond Vreeland and Axel Dreher, *The Political Economy of the United Nations Security Council* (Cambridge: Cambridge University Press, 2014), 114.

<sup>168</sup> "Head N: Ministry of Foreign Affairs," in *Revenue and Expenditure Estimates, Budget 2017* (Singapore: Government of Singapore, 2017), 106-107.

<sup>169</sup> "Head N: Ministry of Foreign Affairs," in *Revenue and Expenditure Estimates, Budget 2016* (Singapore: Government of Singapore, 2016), 99; and in *Revenue and Expenditure Estimates, Budget 2017*, 99.



motivation to surmount its vulnerabilities by becoming more than a ‘price-taker’ in the international system.

Singapore’s active role in multilateral processes is designed to entrench the country as a “key middle-ground player and demonstrate thought leadership”.<sup>170</sup> As both cases demonstrate, playing this role requires substantial financial and administrative capacity. However, with inherently limited resources, diplomatic capacity in a small state also involves the professionalism of diplomatic agents that must be deliberately developed. Singapore’s participation in ASEAN’s efforts to resolve the Cambodian problem from 1978 to 1991 revealed to the state the importance of developing diplomatic skills at the level of the individual diplomat.<sup>171</sup> In fact, it was their experience working on this issue in the UN and ASEAN that carved their competence in operating within international forums, thus setting in motion the continued development of quality of the country’s diplomatic corps that has earned it high regard internationally. This includes the establishment of a Diplomatic Academy in the Ministry of Foreign Affairs in 2008, tasked with diplomatic training and knowledge management.<sup>172</sup> While this contributes to the soft power that Singapore has stated as a foreign policy objective, it more importantly also produces diplomatic agents who can effectively operationalize multilateral foreign policy strategies.

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<sup>170</sup> Performance of the Ministry of Foreign Affairs measured against Key Performance Indicators as reported in “Head N: Ministry of Foreign Affairs,” in *Revenue and Expenditure Estimates, Budget 2017*, 106.

<sup>171</sup> Cheng Guan Ang, *Singapore, ASEAN and the Cambodian Conflict 1978-1991* (Singapore: National University of Singapore Press, 2013), 3-4.

<sup>172</sup> S. R. Nathan, “Singapore’s Foreign Policy: Beginnings and Future” (speech, Ministry of Foreign Affairs Diplomatic Academy’s Inaugural S. Rajaratnam Lecture, Singapore, 10 Mar 2008).

For Iceland, this kind of institutional experience that raised the competence of the Foreign Service came in the form of its membership of the EEA. Engagement with EEA policy at the officials' level increased individual competence in representing Iceland at these institutions and participating in multilateral policy-making, while also forcing ministries to work together and increase their professional knowledge in the field of European integration.<sup>173</sup> This contributes to diplomatic capacity to deal with multilateral engagement in general, although the more limited regional setting and less crisis-based circumstances may indicate a substantively different quality of operational training – further research can investigate the effect of different experiences on diplomatic training and competence.

Therefore, translating political intent into effective multilateral strategies is not only dependent on political leadership that defines the vision to mount these strategies, but also on the agents tasked with carrying foreign policy out, hence constituting the diplomatic capacity that gives effect to political will.

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<sup>173</sup> Thorhallsson, "Can Small States Choose their Own Size?", 129.

#### **4.5 Findings on Capacity for Selecting Multilateral Strategies**

The model postulated that the variation in degree of multilateral involvement across issue areas in a country might owe itself to the limited capacity of the small state. In essence, the absence of multilateral activity in a small state might not be for lack of choosing, but an inability to pursue the foreign policy choice in the first place. In order to address this implication, this section examined the characteristics of foreign policy formation in Iceland and Singapore, to explain how foreign policy decisions relate to different capacity constraints in each country.

On the one hand, this comparative analysis reaffirms the capacity constraints that small states share by virtue of their position in the international structure. In both Singapore and Iceland, these features naturally constrain foreign policy actions, by way of limiting the worldview that drives political motivation for multilateral strategies, and posing an obstacle to the execution of these visions for multilateral action. However, we also find that selected variables of capacity also lend themselves to development, through a deliberate state strategy. These aspects of capacity may thus be seen as an extension of the political motivation modelled in the previous section. Having linked the qualitative effects of capacity with political motivation, we are equipped to further differentiate the strategic choices of small states in multilateralism.

On one level, our case study demonstrated that state viability, as measured by the possession of resources to fulfil its basic state functions, may be critical for the capacity of a small state to mount multilateral strategies. This excludes a large

proportion of small states which lack basic resources to provide for a functioning economy or polity. Our analysis demonstrated that traditional power resources matter in providing capacity for multilateral activities, not only in the material cost of international participation such as transfers of development assistance and representation at international forums, but also in enabling a state actor to exercise full sovereignty over its foreign policy decisions. For Singapore and Iceland, creating a prosperous economy and stable political community enabled them to operate as a sovereign actor in the multilateral framework, and thus select from a range of policy alternatives that include multilateral strategies. A viable state may be particularly important for small states, given that their actions are structurally inconsequential by default; without the ability to act as a sovereign actor, the small state would hardly be able to mount multilateral strategies, much less gain recognition of its strategic relevance among other states.

Furthermore, the case study concluded that the state's capacity for multilateral action is most constrained when it is beholden to another power, especially for basic economic or political resources. That Iceland is dependent on external powers for its defence may partially explain its low-key participation in multilateral issues that relate to security. Many small states exhibit even greater dependence on a variety of basic resources, such as material aid, natural resources, and economic and trade relationships, among others. Where major powers retain control over a vital resource for the small state, it suffers from a greater vulnerability to external pressure that constrains the range of strategies the state might pursue in multilateral contexts.

A secondary implication of this finding is that it is the country's development or employment of power resources, instead of their initial endowment, that may differentiate whether its resource capacity is sufficient to support independent multilateral action. While the model postulated that capacity is a necessary enabling factor to give effect to political will, the case study shows that **in the opposite direction, actively developing capacity may also be considered part of a foreign policy strategy that is directed at multilateralism.** We can thus understand capacity to be a dynamic variable that consists of an element of state agency, just as political motivation does.

While power resources set the conditions for independent foreign policy choice as a sovereign, viable state, it is the political authority that the government possesses which allows specific foreign policy strategies to be chosen. This political authority is granted by elite consensus, which has to be founded on public support. As expected in the model, elite consensus, either in terms of worldview or preferred strategy, is crucial for the selection of multilateralism. In the contrasting cases of Singapore and Iceland relating to the UN and EU respectively, the absence of elite consensus would mean that the government cannot select multilateral involvement, and instead chooses inaction since this is the default position usually allowed under the rules of governing institutions. Furthermore, depending on the rules and political dynamics of the domestic institutional setting, public support may be necessary for elite consensus to be translated to foreign policy decisions, especially if governments lose legitimacy or are voted out of office for their foreign policy positions. Iceland's experience with EU accession supports the model's expectations that the distribution of social gains must be balanced against the vulnerabilities that the foreign policy

posture is meant to surmount, thus granting legitimacy to the government's foreign policy strategy.

However, these cases also indicate that **public support can be a function of elite mobilisation, feeding into our main premise that small states possess some form of agency** – vested here in state elites. Elite consensus can shape public support, granting political capacity to pursue multilateral strategies; on the other hand, elite contestation can structure political divides among the population, thus eroding the leadership's political authority and legitimacy to select multilateral strategies or undertake major foreign policy changes. Political authority therefore makes available a foreign policy choice for multilateralism, both via the elite consensus that is framed by public support, as well as the public support that is shaped by elite-led public mobilisation efforts.

Finally, administrative and bureaucratic capacity constrain the execution phase of foreign policy. We have shown that while the fiscal and administrative resources allocated to the Foreign Service are crucial for a state to carry out multilateral initiatives and sustain effective representation in international organisations, the locus of state agency in executing foreign policy strategies lies in diplomatic agents, which range from professional diplomats to political leaders who represent the country. Multilateral experience, coupled with institutionalised training, can hone individual diplomats' skills and contribute to raising the quality of representation, which augments the limited administrative capacity of the diplomatic corps.

Although this does not remove the need for the foreign policy strategy to be adopted by the political leadership in the first place, the presence of a competent Foreign Service enables the policy choice to be made, and the development of individual diplomatic competencies, such as through training programmes, can constitute part of a country's plans to increase its international participation. These findings are easily extended to the bulk of small states that are unable to pursue multilateral strategies, where their already small delegations in international organisations are ill equipped to effectively represent in negotiations, let alone to sustain leadership in multilateral initiatives. The case study also appears to indicate that qualitative aspects of diplomatic experience, such as diplomatic crises and the forum in which experience is gained, are relevant in determining the capacity of the country's diplomats for multilateral work.

In all, this section of the case study affirms two major findings. First, it has dissected the capacity constraints that small states owe to their structural position, with respect to choosing and sustaining multilateral strategies. The lack of such capacities restricts the political motivation to surmount structural vulnerabilities, both in its conception as well as its execution. On the other hand, it has also highlighted the elements of capacity that are amenable to being developed by the state, including economic development, mobilisation of public support, and diplomatic training. As functions of state policy, they are directly linked to the political motivation that drives selection of multilateral strategies in the first place.

These findings can be extended to the many small states that do not possess the capacity to select multilateral strategies. By illuminating the mechanisms linking

various aspects of capacity to political will, we can specify elements of state development that small states can focus on, or seek assistance in, so as to support the state's vision to achieve a more resilient position through multilateral participation. This would directly address the possibility that some states lack political will to overcome their structural vulnerabilities, because they do not have the capacity to pursue such strategies and are therefore acquiescent to their vulnerabilities.



**5 Treatment of Results – Typology of Small States by Strategic Choice**

The findings addressing both hypotheses allow this paper to construct a typology of small states, according to the conditions under which they would be able and willing to select multilateral strategies. These are the strategies highlighted before that are aimed at influencing the state’s structural environment, in order to alleviate its vulnerabilities in a deeper and more resilient way.

**Figure 2: Small State Selection of Multilateral Strategies**

		Capacity	
		Able	Not Able
Political Motivation	Willing	Proactive Multilateralism	Ineffectual Multilateralism
	Not Willing	Ad Hoc Multilateralism	Acquiescence

This typology is a framework by which we can understand strategic choice in small state foreign policy as a confluence of driving and enabling factors. Political motivation to meet the state’s structural vulnerabilities present the driving factor in this framework, given that it is this element that eventually initiates the foreign policy decision. Foreign policy capacity, given by power resources, political authority and

bureaucratic capacity, is found to be a necessary condition to conceive of and execute foreign policy decisions, thus providing an enabling factor in this two-dimensional framework. In developing this typology, we build on our findings on the two variables in the case study, particularly focusing on the causal and sequential mechanisms linking the two.

The central puzzle posed by the research question aims to differentiate the foreign policy choices of states that share similar structural positions in the international order. Through the 2x2 framework, this section bridges our findings on the two variables, with the current international relations literature accounting for the relationship between small states and international order. This framework thus disaggregates the choices that small states make in participating in the global multilateral structure, giving greater resolution to the state agency element that underlies earlier work on institutional choice. This eventually provides a basis for articulating policy implications for small states that intend to pursue these multilateral strategies to similarly address their vulnerabilities.

This section will elaborate on how the two variables interact to produce each category of states and their selection of multilateral strategies. The framework shows that as political motivation to surmount vulnerabilities and policy capacity to carry multilateral strategies get stronger, small states are more likely to choose multilateral courses of action. A weakening of political motivation would mean that the state's leadership has less of a strategic vision to shape its institutional environment through multilateral action; but with strong state capacity that can support an active presence for the state in the international community, the state can turn to multilateral

structures for support at critical junctures, although this is ad hoc in nature and entails engagement with the multilateral structure that is limited and does not seek to influence it. Conversely, a state with weak policy capacity, but a strategic vision of a more resilient position in the world order, can be expected to pursue alternative strategies that work towards similar ends, but may require less capacity to sustain, such as alliances or bilateral diplomacy. We can also expect such states to take steps to build up capacity, as part of a strategy to strengthen the internationally oriented posture of the state's foreign policy. Finally, a state that has neither the political motivation for multilateral strategies, nor the capacity to sustain it, may be locked in a cycle that is characteristic of the 'weak states' that dominates the early small states literature.

This framework also lends itself to conclusions about the relative importance of the two variables at various points in a sequence of stages of multilateral strategic choice, which I will lay out following the analysis of the four points on the framework.

Two parameters of this framework are important for the subsequent analysis. First, this is an 'ideal-type' model, describing small state characteristics in a simplified two-dimensional framework. This is then useful in identifying the effects of a potential constellation of conditions that arise in a state, rather than fitting states neatly into any of the four categories. Such a construction also accommodates our observation in the case study that states can adopt fundamentally different foreign policy postures across issue areas – this puts us in a position to apply this framework to further cases by disaggregating the effects of their policy conditions, as they manifest within particular sub-state settings. Second, although the two variables have been presented as discrete

variables for easy analysis, they in reality describe continuous scales that more accurately reflect individual states' unique qualitative experiences. Our approach in this paper, which emphasises state agency as vested in sub-state actors, makes it important to account for these experiences when applying this framework to explain the foreign policy posture of further cases. Thus, the 'ideal-type' construction is suitable for a simplified framework to generate actionable policy implications that can then be adapted to individual contexts.

## 5.1 Proactive Multilateralism: Willing and Able

The comparative case study of both variables has found that political motivation for multilateral strategies tends to lead to the adoption of multilateral strategies, while the presence of foreign policy capacity removes the resource constraints that these strategies require for execution. To construct this framework, we can thus start with the observable iterations of these variables, which have been associated with the choice for multilateralism.

First, the case study has affirmed that political motivation for multilateral strategies drives a state's decision for an internationally oriented foreign policy posture. Multilateral strategies beyond passive membership of formal international organisations involves active participation and leadership, which requires the investment of state resources, as is also evident in the capacity requirements of multilateralism. This implies a deliberate political decision that is necessarily shaped by the preferences of the agents responsible for the decision.

In Singapore's case, political motivation took the form of a strategic vision of the country's place in the region and the world, which guided Singapore's early diplomatic strategy and key foreign policy tenets; while Iceland often reiterated its identity as a small island state,<sup>174</sup> its leaders have not formally articulated a strategic vision for enlarging the state's position in the international order to build resilience against its vulnerabilities. More generally, we have identified that a strategic vision that supports a multilateral posture must be based on how the state perceives its

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<sup>174</sup> "Parliamentary Resolution on a National Security Policy for Iceland."

structural vulnerabilities should be overcome. This strategic vision is grounded in the critical junctures in historical experiences of crises, and the national narratives of vulnerability that arise therefrom. From the case study, it appears that a self-image of acute and immediate vulnerability drives an urgent need to respond, for which multilateralism provides a solution. A prime example is found in the difference between the two cases' process of self-determination; where Singapore's experience was more sudden and fraught with uncertainty, Iceland's process spanned many years and was undertaken without violent struggle. This has provided an indication of the reasons driving Singapore's immediate post-independence emphasis on UN membership and recognition of its sovereignty, conferred by membership in international organisations and the formalised rules of conduct that make up international law. Iceland had a relatively less acute need to seek such validation, and has correspondingly undertaken fewer activities in multilateral institutions to strengthen the norms that protect its *de jure* sovereignty. This reflects the general differences between the two states' selection of multilateral strategies that allow small states to influence their structural environment to be more conducive to their survival, by strengthening the shelter provided by multilateral principles.

In all, within the parameters that limit our analysis to the use of multilateral strategies as a response to vulnerability, a self-image of acute vulnerability can be expected to lead to a strategic vision where the small state gains resilience by influencing its structural environment, thus supporting a decision for proactive multilateralism.

Second, the case study identifies two major effects of foreign policy capacity on the state's selection of multilateral strategies. On the one hand, capacity provides the

resources that we have identified as necessary to support multilateral strategies, such as the material costs of representation and the functional requirements of diplomatic activity in international organisations. On the other hand, possessing such capacity also grants states a basis to conceive of a multilaterally oriented strategic vision in the first place, not only because it possesses the necessary resources, but also where these resources confer a degree of sovereignty that enables the small state to make independent foreign policy choices.

The case study demonstrates that the capacity variable spans various stages of the policy process, from the power resources that allow the state to conceive of multilateral policy options, to the political capacity of elites to make the decision with public support, and the ability of bureaucratic agents to execute the foreign policy. Although the case study is not equipped to conclusively establish whether one area of capacity has a greater effect than another, we have shown that capacity generally acts as a limiting factor, where the absence of each component can be expected to reduce the ability of a state to adopt multilateral strategies, or to conceive of these strategies as solutions to their vulnerability.

The presence of capacity and political motivation, analysed individually, both lend themselves to a greater tendency to select multilateral strategies. The literature review has highlighted the form that these strategies take in practice, in terms of niche diplomacy or coalition building. In this light, the case study has introduced the example of Singapore's leadership of the 3G, an informal grouping of thirty small and medium-sized states concerned with keeping the G20 transparent and accountable to the wider international community. The 3G aligns with the perceived vulnerabilities

that drive Singapore's strategic vision of strengthening the multilateral order, by ensuring that the G20, as a plurilateral group, takes into account the interests of states outside the grouping, but who are nevertheless affected by G20 decisions.<sup>175</sup> In order to support this leadership role, Singapore has had to take the lead in lobbying and representing the group through speeches and reports to various UN bodies, which requires diplomatic capacity, especially in the competence of diplomats at its permanent mission to the UN. Given the bureaucratic capacity provided by a professional Foreign Service and support from political elites, Singapore has been able to sustain 3G related activities at the UN, and represent the 3G by invitation to successive G20 summits, which involves preparation and participation of the Prime Minister and other Cabinet ministers. This example of proactive multilateralism is illustrative of how strategic vision and capacity can come together in practice to support a multilateral strategy.

However, what we have shown is an association between multilateral strategies and these domestic conditions; there is nothing inevitable about the selection of multilateral strategies from the presence of each of the variables. Rather, the two variables interact to produce the choice for multilateralism, the dynamics of which can be explained in greater detail where cases lack one variable or the other.

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<sup>175</sup> Yeo, "Remarks by Minister for Foreign Affairs in Parliament," 5 Mar 2010.



## **5.2 Ineffectual Multilateralism: Willing but Not Able**

A small state that lacks one or more aspects of foreign policy capacity, but possesses the strategic vision to strengthen its resilience through multilateral strategies, is first unable to give effect to its execution. Capacity is most directly related to political motivation by way of the outcome of strategic decisions. As identified in the findings on capacity, the lack of administrative or bureaucratic resources hampers the ability of a multilateral foreign policy decision to be translated into policy action. The state is either unable to support its activity in the international organisation with the resources required, or does not have agents who can sustain the strategy. Despite articulating this strategic vision, removing foreign policy capacity results in the state becoming an ineffectual actor in the multilateral structure, so that it remains a ‘price-taker’ that is unable to alleviate its structural vulnerabilities, or has to pursue different strategies that require less capacity.

Conceptually, given that the foreign policy outcome is one of non-adoption of multilateral strategies, it remains for us to distinguish this category from that of acquiescence. Moreover, this category should explain why a state would continue to maintain a strategic vision for a multilateral posture, despite being cognizant of its inability to sustain it. We thus return to our findings on political motivation, which implies that any continued political motivation for an international foreign policy orientation should still be based on a self-image of severe vulnerability, and the existential need to surmount these vulnerabilities.

Owing to the severe vulnerabilities that remain regardless of the state's ability to mount a diplomatic response within multilateral structures, an ineffectual state may be expected to pursue alternative strategies to fulfil its policy intent. The continued motivation to meet the state's vulnerabilities is key to distinguishing ineffectual from acquiescent states.

These dynamics are apparent in Iceland's failure to be elected to a non-permanent seat on the UNSC, which has been touched on in the case study. The effect of capacity in the face of political intent to mount a strategy is especially evident when comparing Iceland's experience with Singapore's successful election to the UNSC in 2000. In spite of Iceland's generally inward-oriented foreign policy posture, its decision to mount a UNSC candidacy starting from 1998 is indicative of a limited political motivation for active international participation in this dimension. However, the Singapore case and anecdotal evidence from other small states indicate that a UNSC candidacy involves substantial financial and administrative investment, which go towards lobbying activities as well as boosting the staff capacity of the permanent mission at the UN. This also demonstrates to other member states the ability to sustain the demands of representation on the UNSC and shoulder the responsibilities of active membership on the body. The political leadership in Iceland has been divided on the country's capacity to support a UNSC candidacy, and budgetary cuts resulting from the 2008 financial crisis place an even greater burden on the Foreign Service, resulting in inadequate capacity to support its candidacy and other member states' perceptions of Iceland's ability to effectively carry out the duties of a UNSC member. In line with our expectations, Iceland continues to pursue similar ends of

diplomatic resilience through other strategies which require less or different capacity, such as bilateral and regional defence arrangements.

Furthermore, we have pointed out that various aspects of policy capacity can be developed, as part of a strategy to support a multilateral posture. With insufficient capacity hampering the translation of intent to action, these states may be prompted to further develop these capacities. As identified earlier, these efforts may deal with economic or political development to create the conditions for independent foreign policy choices, mobilise elite or public support for multilateralism, or seek training and resources for bureaucratic agencies responsible for executing foreign policy. Earlier, I pointed out Singapore's establishment of a Diplomatic Academy in its Ministry of Foreign Affairs as an example of such a strategy.

In this light, I venture a further conjecture that for many developing states that do not possess sufficient foreign policy capacity, sustaining the political will to surmount their structural vulnerabilities is derived from the 'received wisdom' of other cases of small state diplomacy. In practice, this can take the form of participation in capacity building and technical assistance programmes provided by third countries or international organisations, such as the Singapore Cooperation Programme run by Singapore for officials from developing countries, and the DiploFoundation established by Malta and Switzerland to increase the power of small and developing states.<sup>176</sup> External assistance is especially relevant in boosting administrative and bureaucratic capacity, as well as economic and political viability in the early

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<sup>176</sup> "Singapore Cooperation Programme (SCP)," *Government of Singapore*, 2017, accessed 30 Apr 2017, [https://www.scp.gov.sg/content/scp/about\\_us.html](https://www.scp.gov.sg/content/scp/about_us.html). Also, "About DiploFoundation," *DiploFoundation*, 2017, accessed 30 Apr 2017, <https://www.diplomacy.edu/aboutus>.

development of small states, although the economic aid or political intervention in the latter risks defeating the independence of foreign policy, which such capacity building aims to establish.

When insufficient foreign policy capacity is paired with conditions that support a strategic vision to surmount structural vulnerabilities, a state can be expected to adopt alternative strategies, or undertake capacity building, sometimes with external assistance. This would yield policy implications for small states in their efforts to bridge their structurally given capacity gap.

### **5.3 Ad Hoc Multilateralism: Not Willing but Able**

We have established that a state's active participation in multilateral structures first relies on a policy decision to do so. Therefore, the implication of a lack of political motivation to surmount a state's vulnerabilities is that the state would not participate in multilateral strategies that aim to build resilience against these vulnerabilities. Although this does not preclude the use of other strategies, the basis of this category in our framework is that the state does not perceive an acute structural vulnerability for which multilateral strategies provide a solution.

However, owing to the interaction between the two variables, the possession of foreign policy capacity may have an effect on the way the state responds to changes in its vulnerability perception. In particular, a baseline capacity for foreign policy activity, which fulfils its basic functions of safeguarding its interests and survival in the international system, grants states a basis to respond to a sudden crisis by appealing to multilateral structures. This means that the states that possess policy capacity but choose not to use it in building an active multilateral position are unlikely to be among the least developed countries, and can be expected to possess sufficient economic power and political stability as a sovereign actor in the international system. We have already examined this dynamic in Iceland's experience in the 2008 financial crisis, as it relates to its application for EU membership and increased diplomatic presence in international organisations. Its application for EU membership centred on the immediate shelter that EU governance mechanisms provide for financial institutions, which were badly affected in the crisis and fell outside of the EU's protective legal framework and assistance mechanisms

from the European Central Bank. Rather than building an active multilateral posture, Iceland's application for EU membership at the time was an appeal to the legal mechanisms of the EU as a direct response to crisis, which aligns with the expectations of ad hoc and limited multilateralism in this explanatory framework.

Cooper (2009) also examines Antigua's dispute with the US over its hosting of the online gambling industry, where Antigua was in a position to appeal to the WTO Dispute Settlement Mechanism (DSM) as a forum where it could defend its case. Importantly, Antigua's use of a multilateral structure did not emerge as part of a set development strategy, but was instead ad hoc and opportunistic;<sup>177</sup> this adds to our understanding of the policy options available to states that lack a strategic vision, but are nevertheless in a position to conceive of multilateral strategies as a response to a critical experience that recasts the vulnerability perception of its leaders.

Both cases further suggest that in the absence of a strategic vision of a more resilient position in the international order, it is unlikely that the small state's foreign policy capacity would be fully developed to support multilateral strategies. Ad hoc use of multilateral structures and rules would therefore amount to participation in multilateralism, but falls short of the multilateral strategies that this paper is concerned with, which aim to influence the state's structural environment itself to build resilience. Antigua's case is especially instructive, given that its successful case against the US at the WTO stretched its diplomatic resources, and owed itself to the

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<sup>177</sup> Andrew F. Cooper, "Confronting Vulnerability Through Resilient Diplomacy: Antigua and the WTO Internet Gambling Dispute with the United States," in *The Diplomacies of Small States: Between Vulnerability and Resilience*, eds. Andrew F. Cooper and Timothy M. Shaw (Houndmills: Palgrave Macmillan, 2009), 209.

financial and political resources of the online gambling industry, thus overcoming a barrier that often shuts out small states from the WTO DSM.<sup>178</sup>

Therefore, capacity without political motivation supports ad hoc and limited use of multilateral structures. The limited use of multilateral structures may also stem from expectations of limited benefits from multilateral arrangements, shaped by the experiences of other states that enter these arrangements without a clear development vision for how it would manage the multilateral resource. This is especially clear in economic arrangements, such as the CARIFORUM-EU Economic Partnership Agreement, which appears to indicate that the lack of strategic vision hampers the ability of states to reap the full advantages of multilateral opportunities.<sup>179</sup>

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<sup>178</sup> Ibid., 214.

<sup>179</sup> Debbie A. Mohammed, "The CARIFORUM-EU Economic Partnership Agreement: Impediment or Development Opportunity for CARICOM SIDS?," in *The Diplomacies of Small States: Between Vulnerability and Resilience*, eds. Andrew F. Cooper and Timothy M. Shaw (Houndmills: Palgrave Macmillan, 2009), 172.

#### **5.4 Acquiescence: Not Willing and Not Able**

The analysis in this paper operates on a premise that all small states suffer varying degrees of vulnerability by virtue of their structural 'smallness' in the global order, and have a fundamental intent to resolve these vulnerabilities as they pertain to their survival. However, a majority of small states tend towards this category, where they have neither the resources nor the vision to meet their vulnerabilities, thus most closely matching the wealth of existing work on weak states. On the one hand, we can expect that these states would not be associated with multilateral strategies. However, we are also in a position to further expound on the nature of this non-adoption of multilateralism, especially where the state remains fundamentally vulnerable.

Crucially, the lack of strategic vision to leverage multilateralism in attaining a stronger, more resilient diplomatic position, does not stem from a complete absence of vulnerabilities, which we have already shown to be inherent to small states. Such an argument would lead to an incorrect implication that multilateral strategies are the only available course of action to address vulnerabilities, or even further, that states which do not perceive acute vulnerabilities do not choose multilateral strategies at all.

Absence of strategic vision in a state without capacity is therefore not equivalent to the inverse of the first category of states with both political motivation and policy capacity. Rather, we can look to how a lack of policy capacity constrains the ability of the state to conceive of multilateral strategies, as well as how the absence of strategic vision removes a driver for developing political capacity. First, small states



that exhibit the characteristics of weak states often do not have the capability to make independent foreign policy choices, being dependent on the resources of a major power, or finding itself completely at the mercy of the system-wide forces that affect them. This naturally constrains the ability of elite actors to construct a strategic vision of surmounting its vulnerabilities, much less one via multilateral strategies. On the other hand, we identified before that developing capacity can be considered part of a foreign policy strategy; the lack of a strategic vision therefore also removes the impetus to develop foreign policy capacity that could support a more active internationally oriented posture.

States at the end of the spectrum then run the risk of being trapped in this cyclical effect between weak policy capacity and lack of strategic vision, which fuels the characteristics of most small states that remain weak states in the international system. Furthermore, we can see that not all aspects of these variables are amenable to external assistance, indicating the possible importance of ordering between the two variables. We will further explore the policy implications of this observation in Section 6.

## 5.5 Conclusion: Overview of Framework

We can thus make several conclusions about the states that lie across the spectrum of the 2x2 framework. First, the closer a state lies towards the top-left corner, as both political motivation and policy capacity get stronger, the greater its tendency to select multilateral strategies as a response to its structural vulnerabilities. By contrast, a lack of both variables tends to prevent the state from forging its own foreign policy, which may also indicate a cycle of weakness where insufficient capacity constrains the state's ability to conceive of multilateral strategies, and the absence of such a strategic vision conversely removes the impetus or ability to build policy capacity.

Second, the variation in individual variables is associated with different effects on the tendency to select multilateral strategies, owing to the interaction between the two variables. With a reduction in policy capacity, the state's ability to support multilateral strategies is reduced, but given the decision makers' view that the state's vulnerabilities can and should still be met, we can expect the state to pursue alternative strategies towards the same ends. These motivations may also drive the state to strengthen the capacities that it lacks. On the other hand, with weaker political motivation to engage with the state's vulnerabilities, states can be expected to engage in limited and ad hoc multilateralism, turning to multilateral structures for protection of key interests when the need arises in the form of crises. States may also respond to these crises with a longer-term change in its strategic vision and use of multilateral strategies, given that it has a baseline capacity to do so – this would entail further strengthening its capacity to mount such strategies as well.

Third, the interactions between the two variables shape changes in the relative importance of each variable, at different points in the spectrum of selection of multilateralism. Sequencing may therefore be important for explaining the uptake of multilateral strategies in the framework, which can then yield policy implications to guide the policy priorities of states seeking to undertake these strategies. First, states at the bottom right corner of the spectrum exist in a condition of general weakness, where non-selection of multilateralism is primarily founded on the lack of basic state capacity that is in the first place necessary for leaders to conceive of a strategic vision of surmounting its vulnerabilities. The lack of strategic vision also entails a lack of impetus to strengthen the capacity of the state to mount these strategies. Most importantly, in fulfilling the characteristics of the 'weak state', the capacities that the state lacks are likely to deal with the fundamental viability of the state as a sovereign actor in the international system. Without economic and political viability, the state would be fundamentally constrained in its ability to make independent and effectual foreign policy.

While basic policy capacity presents a means to escape the mutually reinforcing characteristics that define small states as weak states, state viability alone does not explain any particular choice of foreign policy strategy. Policy capacity grants states the ability to select alternative foreign policy strategies; as states move towards the left end of the spectrum, actor preferences as expressed in a strategic vision become more salient in shaping the specific foreign policy choice. At this stage, strategic vision can be more important than capacity in supporting a more internationally oriented foreign policy posture.

Finally, where a state has developed a political motivation for multilateral strategies, the selection and execution of these strategies can be expected to rely on capacity again. In particular, the ability of leaders to carry out a foreign policy strategy would then largely depend on consensus among elites that may vary based on the availability of public support, and diplomatic capacity in the state's bureaucratic apparatus and competence of diplomatic agents. At various points along the spectrum of the two variables, states may therefore prioritise different policy areas in order to build strategic relevance and better meet their vulnerabilities.

This framework answers the research question that is concerned with differentiating states by their choice of foreign policy strategy, even though they share similar structural vulnerabilities granted by their nature as small states in the international system. It proposes a way to understand the differences in strategic choice in terms of the two variables of political motivation and foreign policy capacity. These factors act as driving and enabling factors respectively, which produce individual and joint effects on foreign policy decisions. In designing a framework for putting states on a spectrum of these variables, this paper provides a basis for policy implications that small states may consider when identifying foreign policy weaknesses, and raises questions that further research may take up.

## **6 Implications, Limitations and Further Research**

### **6.1 Policy Implications**

Three broad implications arise from the construction of the framework and the comparative case study, which can guide small states in identifying foreign policy weaknesses that can be strengthened, to support a more proactive multilateral posture that builds resilience against its structural vulnerabilities. These are actionable policy implications that add to the paper's contribution to the theoretical international relations work on small states.

#### ***Importance of Actors***

First, the analysis leading to this framework is founded on the concept of state agency, which recognises the relevance of representative agents of the state, such as political leaders, in determining foreign policy. We have pointed out earlier that individual actors are especially relevant in small states, owing to the small size of their leadership and bureaucracy. In the proposed framework, we see that the state agency that drives each variable is vested in two sets of actors – the core political leadership, and diplomatic agents. The core leadership is ultimately responsible for constructing a strategic vision and making the decision to adopt a particular foreign policy strategy. While capacity to conceive of this vision and take the decision is influenced by domestic political factors of elite consensus and public support, the study appears to show that the fundamental posture taken towards the state's

vulnerabilities depends on the vision and competence of the core leadership. It is from these actors that the state apparatus gains its initial impetus to respond to the state's vulnerabilities, by way of selecting from among alternative strategic directions of building structural resilience in multilateralism or seeking shelter in other structures such as alliances or protection from major powers.

At the same time, we see in the capacity variable that the selection of multilateral strategies is eventually dependent on its execution. For these strategies to take effect – to be carried out in the multilateral setting – diplomatic agents must be equipped to fulfil the physical and fiscal requirements of representation. We have pointed out that their training and resources would have to be part of a multilateral strategy; at the same time, the case study seems to indicate that the individuals who perform these diplomatic tasks, from diplomats to political leaders, must be competent and aligned in purpose as well. Notably, members of the core leadership may play an outsized role as diplomatic agents as well, especially in the early stages of independent statehood where a professional Foreign Service may be unavailable. Ultimately, this focus on state agency as it is vested in state representatives means that individuals are crucial for multilateral strategies to be selected and be carried out. While there is some element of uncertainty in the type of leaders and bureaucrats who would come to lead a small state, we can focus on an actionable policy implication that arises from our framework, in terms of the training and development that these individuals can receive, either within state institutions, or through the assistance of third countries, international organisations or non-governmental organisations which now provide a wealth of capacity-building programmes.

### *External Assistance*

This leads to a second set of implications on the external assistance that small states often turn to in periods of weakness. For the majority of states that lack capacity and thus fulfil the characteristics of weak states in the literature, taking full advantage of multilateral opportunities would entail relying on external resources to boost the state's insufficient capacities. However, our framework has also outlined the limitations of such options, in terms of the areas in which a state is able to draw on external resources, and the avenues via which they are able to do so. These constraints are imposed by virtue of the feasibility of the external assistance, and the alignment of this assistance with the overarching purposes of the foreign policy strategy.

Among the elements that provide for policy capacity, we have identified several areas that can be developed through domestic policy. Within this category of capacities that fall within the state's control, we may further indicate how the state can consider receiving external assistance. In the first instance, external assistance can be largely ruled out for marshalling elite consensus or the public support that it may rely on, not least because external intervention in domestic jurisdictions would not align with our fundamental foreign policy principle of sovereignty and an independent foreign policy. In a similar manner, development assistance runs the risk of the state becoming beholden to major powers if the country's economy is reliant on foreign aid – donor countries may be effectively able to influence the foreign policy decisions of the recipient state in multilateral structures, with the threat of withholding aid.

Furthermore, development assistance from multilateral sources may also entail conditionality that constrains the state's policy decisions, and the state may be vulnerable to the influence of major donors in the organisation. States that aim to develop economic and political viability, but have to draw on external assistance to do so, should therefore be cognizant of the risks that may eventually still hamper their ability to pursue multilateral strategies. Ultimately, for development assistance to result in real capacity gains that support multilateral strategies, it is crucial that the state reap the benefits of such assistance in terms of establishing a viable economy and political stability so as to act as a sovereign entity.

The area that can most feasibly draw on external assistance is in building the capacity of diplomatic agents, which relies on fiscal resources and expertise for training. The emergence of various actors and organisations concerned with promoting multilateral principles that align with small state interests, means that states may select from among these programmes to boost the effectiveness of their small diplomatic presence. Although these programmes may not be without agenda, in building diplomatic goodwill or other tools of soft power, the capacity it builds enables these states to act more effectively and independently in multilateral settings, thus aligning with the needs of the strategic vision and the key foreign policy principles of the state.

Above all, the acceptance and use of external assistance to build policy capacity can be guided by their contribution to the state's strategic relevance, which is the state's fundamental response to vulnerability. Assistance that increases the dependency of small states hinders strategic relevance, while attaining strategic relevance through these capacity building programmes grants the state a better position, not only to



pursue multilateral strategies, but also to participate in these programmes with a lower risk of becoming dependent on the actors who sponsor them.

### *Sequence and Causality*

In the conclusion of the framework, I have put together the various postulations of each type of state, to suggest the points along the framework where each variable may be more important than the other in shaping the small state's foreign policy choice. States can then prioritise their considerations based on their corresponding foreign policy terrain and foreign policy objectives. The first priority of weak states should be to build capacity in terms of state viability, for which I have outlined the possibilities of drawing on external assistance. There is an abundance of foreign development aid programmes that small states can subscribe to, such as through development banks including the World Bank, and UN agencies such as the UN Development Programme. The reliance of small states on these programmes can be guided by the implications highlighted in the discussion above, in building strategic relevance by maintaining the capacity for an independent foreign policy.

States that perceive themselves to be viable can then be more concerned with selection of its leadership and its determination of the country's strategic direction, which depends heavily on the individual actors that shape policy decisions, as highlighted earlier in this section. The country's selection of multilateral strategies would be largely driven by the presence of leaders who envision surmounting the state's vulnerabilities through strategic relevance. Although this framework serves to

explain a small state's foreign policy decisions, rather than prescribe a course of action that assumes multilateral strategies to be the only desirable foreign policy goal, our observations in the framework can guide the considerations of small states in responding to their vulnerabilities as part of the state's continued survival.

With elites having chosen to pursue strategic relevance, or exercise the relevance inherent to the state's characteristics, the state is in a position to achieve its foreign policy goals by developing capacities where they are insufficient. The state can then focus on generating public support to shape elite consensus, and develop diplomatic capacity to execute the multilateral strategies its leaders envision. Again, several aspects of this stage of capabilities lend themselves to external assistance. These sequential and causal dynamics between the two variables therefore present implications that can guide small states in building strategic relevance to strengthen resilience against its vulnerabilities.

## 6.2 Limitations and Further Research

The scope of this paper's research has been defined as developing a framework that can differentiate the strategic choices of small states that share similar structural vulnerabilities. The proposed model describes a two-dimensional interaction that we expect to support selection of multilateral strategies that build strategic relevance against a small state's vulnerability. The analysis has been mindful that the nature and context of vulnerabilities that drive these strategies may not be identical, which poses a methodological limitation inherent to comparative case studies. However, the uniqueness of individual countries' experiences is not fatal to the application of the framework to other cases, given that the typology is a simplified framework that is constructed based on the underlying mechanisms linking domestic political conditions dealing with vulnerability, to the outcomes of foreign policy strategy. This framework can therefore be used to disaggregate the foreign policy postures of other small states, whose individual circumstances translate to foreign policy via the same driving and enabling factors. This framework is useful insofar as it is able to explain why small states might select away from multilateral strategies, which would have allowed for a more resilient diplomatic position against the state's vulnerabilities by strengthening the multilateral order.

However, although the case studies have examined the effect of critical junctures, we are unable to incorporate a dynamic element of time into the framework, that includes the effect of changes in the international environment on domestic policy conditions. The condition of ineffectual multilateralism, in particular, may indicate that learning from the successful experiences of other states influences the conception of strategic

vision in the state. Further research may yield insights into the changing elements of the international environment that most affect a small state's choice of multilateral strategies, such as the availability of successful cases or conduciveness of multilateral structures to small states.

In addition, while the analysis has been based on a rich literature describing the development of the multilateral world order and small state choice for multilateralism, this framework has not considered how alternative strategies may be selected in response to the same variables. This framework therefore provides a potential foundation to extend the existing research on rational choice for multilateralism, comparing the variance in small state selection of multilateral strategies with the adoption of other alternatives.

Finally, it is important to note that this paper's findings and proposed framework says nothing about the success of these strategies in attaining their intended outcomes. This paper therefore cannot make conclusions about the conditions that affect successful foreign policies among small states. However, evaluation of foreign policy strategies constitutes an important step for small states, which have little margin for error; research into the effectiveness of different strategic choices of small states may then be a suitable follow-on step.

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