

SMALL STATES AND INTERNATIONAL ORGANIZATIONS

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Abstract

Historically, major powers dominated the world politics and formed international system according to their interest and small states had a nominal identity with limited influence and power. However, international system has been experiencing changes since the Second World War. Because, large number of small states have emerged in world politics. The small states have been playing significant role in regional as well international organizations. Although, major powers have been dominating the international organizations including UN but their numbers of representation and role cannot be ignored. They have entered various regional and international organizations and made alliances with other states to fulfil their goals in regional and international area. Therefore, the influence of small states have been increasing in number of crisis in international politics. Now, small states have more influence and role in international organizations than before the history. But, they are still facing the several challenges for their development and position in world politics. The main aim of this paper is to examine the position and role of small states and what are the challenges facing by small states in organizations?

Keywords: *Organizations, Role, Interest, Influence, Alliance*



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1. Introduction

International organisations have been growing since 19th century in terms of number, scope and activities. These international organisations can be categorized as intergovernmental organisation and international non-governmental organisations. Former comprises of those institution which came into being through formal agreements among nations and embody their respective governments. Best example of such type of organisation is UNO. In addition to this, another organisations also exist. An organ of UN, Economic and Social Council can be described as non-governmental organisation is an organisation which is not established by an agreement among government. It can not only be defined as above because it has a broad definition. It can be defined as non-military, non-profit and non-religious. International organisations also can be categorized in the words of Harold Jacobson into three wide types. One is related with security and peace, other is concerned with trade and economic affairs and another is related with social welfare and human rights.¹ Although, small states are not so

¹ Akira Iriye, *Global Community: The Role of International Organizations in the Making of the Contemporary World*, (London: University of California Press, 2002), 1-9.

strong politically, militarily and economically, the world community not only recognized them but also gave economic and other assistance. Most of them are members of UNO and its specialized agencies and some of other regional organizations and common wealth of nation and Non-aligned movement as well.²

2. Small States and United Nations

The Second World War caused a lot of destruction and in the post war period an urgent need was felt in the world to establish an organisation which could avoid such type of destruction in near future. This war distressed all the great powers so they also raised their voice for the existence of an organisation which will be for the welfare and security of all. Field Marshall Smuts, a representative of a small state and one of the chief architects of the League of Nations, was the first who supported the above view. "Peace not backed by power remains a dream." This new organisation will be not for the purpose of maintaining democracy and freedom but would have the power in hand so that it can take a strict decision at the time of threats and violence.³ To become member of UN is very beneficial for small states because it provides them a platform from where they can raise their voice at the time of threats or aggression for their security.⁴ At the time of establishment of United Nation in 1945 it had only 51 members. But after the decolonization and in later period disintegration of USSR, this number began to increase. Today UNO has 192 members who collectively discuss on any matter, debate on any issue and exercise collective responsibility.⁵ Charter of UN says that on any social and economic problem all member will cooperate. This enriched the role of small states in UN. Although many of small states who are the member of UN, are underdeveloped yet they get the opportunity to put pressure on industrial state for assistance. In the conflict between great powers who all were trying to enhance their position and were against each other, need the support of small states. This increased the importance of small states. At the time of cold war rival powers were trying to get the support of these states

² M.S. Rajan, "Small States in International Relations", *Mainstream* (New Delhi), vol. xxv, no. 24(1987), p-10,

³ Amry Vandenbosch, "The Small States in International Politics and Organization", *The Journal of Politics*, Vol. 26, No. 2 (May, 1964): 306, Accessed June 8, 2015.url: <http://www.jstor.org/stable/2127598>

⁴ M.S. Rajan, "Small States in International Relations", *Mainstream* (New Delhi), vol. xxv, no. 24(1987), p-10,

⁵ Jim McLay, "Making a Difference: The Role of a Small State at the United Nations", *New Zealand Ambassador and Permanent Representative to the United Nations, Juniata Voices*, pp.122-123

which were nor aligned. At that time it was there choice with whom they will go or remain nor aligned.⁶

To become member of UNO is a boon for small states. In spite of being weak politically and economically they stand on the world level and take part in world politics. They wish UNO which increases their influences and power on global level should be strong.⁷ All members of General Assembly are equal in terms of power of giving vote either it is Comoros or China; Rwanda or Russia. It is an important organ of UN, makes recommendations in the matters of UN on keeping peace, security, human rights and development issues. But its resolution is not binding. Whereas Security Council's decision is binding on member states.⁸ The Security Council has 15 members. Among them 5 are permanent and 10 are non-permanent. These permanent members are great powers who have strong position in UN and have veto power on any issue. Other 10 non-permanent members are elected by general assembly for the term of two year. These permanent members enjoy veto power on all issues which come before her. They decide appointment and suspension of members of UN. These five supra national powers have the final decision on the appointment of secretary general and they amend the charter and statute of International Court of Justice.⁹ When Security Council's non-permanent seats are seized by small states, they influence the working of council without having any veto power. Because when Security Council passes any resolution, it needs nine votes to pass and permanent members want positive responses from small states. Therefore support of elected members support is also important.¹⁰ But small states always do not have the power to cover all issues and committees at UN. So here there power seems to diminish. To become powerful it is necessary that they all should work together but they do not do the same because they are poor and weak so they give preference to individual interests as compared to the collective interest.¹¹

⁶ Amry Vandenbosch, "The Small States in International Politics and Organization", The Journal of Politics, Vol. 26, No. 2 (May, 1964): 309, Accessed June 8, 2015.url: <http://www.jstor.org/stable/2127598>

⁷ Ibid.pp-310-312,

⁸ Jim McLay, "Making a Difference: The Role of a Small State at the United Nations", New Zealand Ambassador and Permanent Representative to the United Nations, Juniata Voices, pp.122-123

⁹ Amry Vandenbosch, "The Small States in International Politics and Organization", The Journal of Politics, Vol. 26, No. 2 (May, 1964): 306-307, Accessed June 8, 2015.url: <http://www.jstor.org/stable/2127598>

¹⁰ Jim McLay, "Making a Difference: The Role of a Small State at the United Nations", New Zealand Ambassador and Permanent Representative to the United Nations, Juniata Voices, pp.125

¹¹ Vanu Gopala Menon, "Challenges Facing Small States At The UN" INFORMATIONAL MEMORANDUM No. 79, The Academic Council On The United Nations System, Summer 2009.

3. Small State and World Bank

Among the international organization World Bank is one of them. Main objective of the World Bank is to raise the sustainable economic development through all over the world and reduce the poverty. It aims to fulfil these goals through loan, technical assistance, reform in their political structure (emphasis on economic liberalization) and research mechanism.¹²

The World Bank functions according to the framework of Bretton Woods, framed by dominant forces of world economy headed by United States of America. It function as the policeman of International financial order. From the beginning major share was captured by USA and later UK, France then Germany and Japan. The power of the bank is legally assigned to the Board of Governors, comprising of one Governor and one alternate whose appointment is done by each member country. The Board may give authority to exercise any of its power to the executive director with the exception of

1. Admission of new member's
2. Increase or decrease of capital stock
3. Suspension of a member
4. Decisions on appeals from interpretations of the Articles of Agreement by the executive directors
5. Making long-term arrangement to cooperate with other international organizations
6. Decisions to suspend permanently the operation of the Bank and distribute its assets and
7. Determination of the distribution of the net income of the Bank¹³

General operation of the bank is directed by executive directors who exercise the powers given to them by board of governors. There are twenty five executive directors. The five members are appointed by US, UK, Germany, France, Japan who have largest number of share while the remaining are elected by other members of the organization. Small countries do not have permanent representation in executive directors' board. In the governance policy of bank largest shareholders are the dominated powers. Board of Governor can increase the total number of executive directors.¹⁴ Simon Kuznets described the upper limit of Small states as 10 million people in his book "Economic Growth of Small States". According to this

¹² Christopher Gilbert, Andrew Powell and David Vines, Positioning the World Bank, *The Economic Journal*, Vol. 109, No. 459, (1999), 598, Accessed: 26 February, 2016, url: <http://www.jstor.org/stable/2566065>.

¹³ Bereket Habte Selassie, The World Bank: Power and Responsibility in Historical Perspective, *African Studies Review*, Vol. 27, No. 4 (Dec., 1984), 36-39, Accessed: 26-02-2016, URL: <http://www.jstor.org/stable/524056>.

¹⁴ Ibid.

measure 134 economies are small. Population of any country can be estimated through the size of its territory and secondly GDP. Primary objective of World Bank is to help the countries financially which are in need and reduce the poverty.¹⁵ It seems that Bank's all members control the organization through their financial aids, demand for bank services and through representation. Bank is technically responsible to its Board for all its operations. But reality is different because only five major countries epitomize the major shareholders of the bank and control the executive board of International Bank for Reconstruction and Development(IBRD, called "hard-loan" window) and International Development Agency(IDA called as "soft loan" window) through 37.24% and 39.78% votes. The IDA depends mostly on the contributions of donor. These five states mutually account for nearly \$88 billion or 70.75% of IDA's aggregate subscriptions. Among the five major countries USA is the most powerful donor which are now controlling 13.44% of votes on the IDA board and 16.39 percent of votes on the IBRD. United States has been most prosperous to influence the Bank policy through its "power of purse" especially regarding IDA funding.¹⁶ First, the small states have been using three different tactics to deal with the World Bank. Secondly individual loan proposal were examined to conform that the proposal were in accordance with primacies of small states. And if not, it was supposed that executive director would interfere by asking such question regarding the proposal. And finally both tactics were supported by the requirements of funding outside the regular budget processes.¹⁷ Most of the small states have aligned with the World Bank policy and implemented its administrative set ups because of getting aids. As small states have less representation in board of executive directorate which is much responsible to formulate World Bank policy and day to day business. The small states has less influence in World Bank policy. By 1980s World Bank played a leading role through influencing the developmental strategies of the World and played a key role in bilateral and multilateral contributors and also claimed new concern along with poverty reduction and structural adjustment policy. Allocation of fund is

¹⁵ Commonwealth Secretariat & World Bank, *Small States: Meeting Challenges in the Global Economy* (Washington D.C.: 61st meeting of the Development Committee 2009), 3.)

¹⁶ Catherine Weaver, *The World's Bank and the Bank's World*, *Global Governance*, Vol. 13, No. 4,{2007}, 499-500, Accessed: 26 February 2016, url <http://www.jstor.org/stable/27800670>

¹⁷ Hanne Hagtvedt Vik, *Small States in International Organizations- Nordic Strategies to influence the World Bank*, *International Economic History Congress*, Session 86, University of Oslo. 2-4, Accessed: March 18, 201626, url: <http://www.helsinki.fi/iehc2006/papers3/Vik.pdf>

influenced by the political priorities. It set up new policies and guidelines to receiving countries.¹⁸

Although, World Bank is multilateral institution yet seems as unilateral such as import & export bank of US to give loans for the purpose of supporting and funding particular corporations. At the time of major debt crisis, in the early eighties an overwhelming programme was imposed upon the small states known as Structural Adjustment Programme (SAP). This was imposed by the World Bank on small states at a time when a country faced any financial trouble and sought funds for the payment of private loans. At that time the World Bank played its unilateral role while imposing conditions before giving loans to the small states. It emphasizes on development loans for specific projects like construction of dam, road, harbor etc. So World Bank is sometimes termed as a tool in the hands of wealthy investors and transnational corporations. Thistle believes that enormous poverty and environmental devastation in the world is the result of an awful concentration of power in the hand of developed countries mainly USA.¹⁹ Major Superpowers dominate the World Bank policies so it cannot work independently. Banks's views on poverty are alike the developed countries and may be termed as theoretical concern for poverty. It is confirmed for its working behaviour on broader issues. USA not only dominates the World Bank policies through its voting power but also by using veto power on any matter. For veto 85% voting is necessary and USA alone has the power of giving vote around 15.85%. So without USA it is not possible to use veto power. Staff of Bank and management itself do not have any authority to take any decision regarding Bank's policies because of influence and domination of USA. US executive director dominates all in executive board, even President and senior staff are also dominated by USA. Bank's first President, Eugene Meyer resigned from his post because of frustration of continued US domination. USA citizen usually become the president of Bank with the concurrence of USA president.²⁰

By participating in such type of multilateral organisations like the World Bank, USA gets benefitted in many ways. Alone it cannot achieve those objectives either national or international, which it can by aligning herself with the World Bank. The objectives of USA

¹⁸ Ibid.

¹⁹ The Thistle, *The IMF and the WORLD BANK: Puppets of the Neoliberal Onslaught*, Volume 13, Number 2, (2000), Accessed: March 18, 2016, url: <http://www.mit.edu/~thistle/v13/2/imf.html>

²⁰ Ravi Kumar & David Vines, "The World Bank and Poverty reduction: past, present and future" in *The World Bank: Structure and Policies*, ed. Christopher L. Gilbert and David Vines (New York: Cambridge University Press, 2000), 87.

which it wants to achieve through this organisation include, encourage trade liberalization and better governance in the market of third world countries. And the moderation of environmental degradation curtailing from development projects. World Bank makes the United States aims and objectives more valuable and acceptable for the whole world, which is not possible for the United States alone. So, an organisation works as a platform for her to fulfil her objectives throughout the world. Being an organisation it has gotten legitimacy to its policies and reform is accepted more legitimate and legal. There are several characteristics of World Bank and its work which has substantial potential self-sufficiency. Unlike other institution, it does not depend on its member states for their contribution of funds to do any work.²¹

4. Small States and WTO

WTO was established in the Uruguay Round of Multilateral Trade Negotiation with an aim to provide specific trade rules and procedures and liberalize the world trade. But despite these kind of developments small states were lacking to derive benefits from it (liberalization and globalization). Because they were facing some problem and were limiting to their economic development. To overcome these problem they have to depend on international trade. WTO has the power to settle disputes related to trade among member countries of it. This was a progressive move from power-oriented approach to rule based regime to solve the trade disputes.²² The small states have considerable similar characteristics having small size, similar challenge posed by globalization and geopolitical legacies of former imperialism. When they adopt practices of world economy broadly, their areas of opportunities of security and preferences is reduced. And they try to integrate into world economic system without any concern of their people because existing economic system imposes certain limits and conditions to the small states.²³ In WTO different countries have their own identity like their characteristics, goals and their concern. Small states have themselves their identity in without any reference. In 1997 firstly the question of small economies was raised in a Bolivia discussion which included high level negotiation on trade development of small states. Later

²¹ Ibid p.n. 135-137.

²² Prabhash Ranjan, "Applicable Law in the Dispute Settlement Body of the WTO Applicable Law in the Dispute Settlement Body of the WTO" *Economic and Political Weekly*, Vol. 44, No. 15(2009):23-27, accessed February 26, 2016, url: <http://www.jstor.org/stable/40279128>

²³ Patsy Lewis, "Bringing Small States Back In: The Caribbean And Pacific In A New World Order," *Social and Economic Studies*, Vol. 56, No. 1/2, (2007):3-7, accessed February 26, 2016, url: <http://www.jstor.org/stable/27866494>

the Geneva Ministerial Declaration (1998) has addressed that small states should be given recognition and given priority to their issues. WTO is recognizing the problem of small states which they face in multilateral trade is discussed in agreements of WTO and simultaneously giving special treatment.²⁴ Dispute settlement system of WTO is evolutionary and shapes different direction on the basis of Uruguay Round agreements. The Appellate Body is emerged as a central judicial organ because of lack of consensus among the members. The above body has been given the power to reform in WTO in two respect. Firstly, Appellate body is responsible to drafting the rules with the consultation of seven original members and Director General. Secondly, Appellate body has been influencing organization operational procedure indirectly. Appellate Body's decision is final on any matter if that is disputed among different governments.²⁵ According to a study of United Nation, WTO signify a corporate agenda only and for small states it is only a daydream. Legally, small countries have less importance as compare to big states or developed countries. Advanced industrial countries has intimidated to withdraw assistances like development aid and trade priority. The cost of contesting cases in WTO is very expensive and difficult for small states, which make them unable to contest the cases. This whole mechanism fulfil the interest of developed countries. Economic sanction is another way to create domination on small states. Organizational reforms are opposed by dominating powers specially USA. Secretariat offers training and conduct educational workshops to the representative from small states.²⁶ From the time of establishment of WTO it has been changing fast, comparatively any other organization mainly in terms of economic balance of power with the rise of new emerging economic players like China, Russia, India and Brazil. In the beginning USA, EU, Canada and Japan were only dominating countries but recently these above new emerging countries are included in the dominating categories. Now, all dominating countries are big powers and no space for small states.²⁷

²⁴ Commonwealth Secretariat & World Bank, *Small States: Meeting Challenges in the Global Economy* (Washington D.C.: 61st meeting of the Development Committee 2009) 65-68.

²⁵ James Smith, "Inequality in International Trade? Developing Countries and Institutional Change in WTO Dispute Settlement" *Review of International Political Economy*, Vol. 11, No. 3 (2004):547-551, accessed February 26, 2016, URL: <http://www.jstor.org/stable/4177510>

²⁶ *Ibid.*

²⁷ Amrita Narlikar, "New powers in the club: the challenges of global trade governance" *International Affairs*, vol. 86, No. 3, (2010), 717: accessed February 26, 2016, url: <http://www.jstor.org/stable/40664277>

Balance of power is a fundamental question in WTO within and outside the organization. It include dispersing powers from USA and EU to other countries, which creates equality. WTO is an international institution which liberalize and regulate international trade. World trade problem cannot be solved without the creating equality within WTO.²⁸ Small states which faces the problems to change themselves according to the present trade system. And they need time to adjust themselves in international trade and economies. Their problem should be given special concern to handle the vital issues to change their economies. Like transition period should be long, trade liberalization which suit their economies and elimination of superpower's trade protectionism. Process to join as a member of WTO should be reviewed as their problem and cost should be reduced. A big issue is that small state faces lack of resources while participating in international trade organization.²⁹ Although very basic principle of WTO is non-discrimination among its members yet it is followed in very rare cases. Small states are discriminated and this rule is not followed actually. Approximately eighty six small WTO members constitute 1.5% of world trade but WTO recognize only 1.1 as group of small states if this amount of trade of small states is withdrawn. Then the total trade would be affected.³⁰

5. Conclusion

Recently, Small States became a key issue in debate and discussion of academic field. The different academician define it with different perspectives. But all are agreed on some common characteristics of small states like small size, population and less number of natural resources. In addition, those states which cannot defend by herself fall the category of small states. The emergence of small states have been initiating since the Second World War largely and it is continue till today. Thereafter, these states have entered in world politics through several regional especially international organisations. These states present challenges to the world powers through several international organisations. UN, World Bank and World Trade Organisations are important international organisations and have key influence on the world politics. Small states have also been playing a significance role in these organizations. In UN, major power of world dominated the organisation but

²⁸ Ibid.

²⁹ Commonwealth Secretariat & World Bank, *Small States: Meeting Challenges in the Global Economy* (Washington D.C.: 61st meeting of the Development Committee 2009), 5.

³⁰ Roman Grynberg and Jan Yves Remy, "Small vulnerable economy issues and the WTO" in *WTO At The Margins: Small States and the Multilateral Trading System*, Ed. Roman Grynberg (UK: Cambridge University Press, 2006), 285-289

simultaneously small states put pressure and challenge to the major powers. They demand reform in UNSC and criticised in General Assembly on several occasion. Small states also pressurised the world power through delaying or against vote on several resolutions of UNSC as a non-permanent members of UNSC. Small sates have less role in World Bank and WTO as compare to UN. Although, World Bank played a significant role in development of small states for the several decades. But, major power imposed certain conditions on political system of these states through World Bank' policies. In WTO, world powers formulate policies and rules of international trade according their wishes and dominate world trade and its benefits. In short although small states have less influence in international organizations but they have acknowledged their rights unanimously and have been influencing the world system. These states also put pressure for reform in international organizations through several ways.

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