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- In addition to formal international organizations, alternative ways of arranging intergovernmental cooperation are proliferating. One tendency is to create looser structures around a shared purpose often without permanent secretariats. The G20 and the Arctic Council are examples of such informal intergovernmental institutions.
- Informal institutions are preferred due to their supposed effectiveness, but also because of domestic politics. Most states participate in such institutions, but the United States in particular has favoured them over formal international organizations.
- The increasing importance of informal institutions, especially if they seek to address global concerns, may be detrimental to small states that have traditionally relied on multilateral institutions and the rule of international law, such as the United Nations (UN).
- Small states should actively engage with informal institutions instead of adopting a strategy of resistance. Small states can seek to play a part in these institutions, build coalitions to address transparency or inclusiveness concerns, or try to influence specific issues in their national interest.
- A pragmatic approach to new institutional forms should not challenge the small states' focus of attention on multilateral institutions and a rule-based international order, however. The interests of small states can be protected only by ensuring that all states may take part in global governance, based on sovereign equality.

Introduction

Since the Second World War, Western-dominated multilateralism has thrived on international institutions in a rule-based community, in which formal international organizations such as the United Nations (UN) or the International Labour Organization (ILO) have played an important role. There are, however, several trends which show that looser structures of intergovernmental cooperation such as networks, fora or 'clubs' are on the rise. The strengthening of new players in global politics, both the rise of emerging states and non-state actors, has challenged the reliance on existing international organizations to resolve global problems, but it has also arguably affected the choice of institutional form when it comes to creating new institutions.

For small states, formal international organizations have traditionally been important in pursuing their agendas. Such organizations are often perceived as advancing policies that not only protect weaker states from more powerful ones, but also support joint interests rather than the specific interests of powerful states.¹ As a result, small states rely on multilateral institution-building and on participating in key international institutions.² This concerns the UN in particular, where small states have benefited from the one vote per state rule in the General Assembly, which gives them an equal standing with more powerful states. Yet international cooperation increasingly takes a variety of forms, which highlights the importance of participation in decision-making: who gets a seat at the table and who is excluded? The prevailing assumption seems to be that small states are automatically on the losing side when cooperation becomes more informal and issues of global concern are to be decided.

This briefing paper explores the politics of institutional form from the perspective of small states as the toolkit for inter-state cooperation is diversifying.

It analyzes the development of less rigid forms of cooperation, the reasons behind such a trend, and how the movement towards informality affects small states and their constituencies. Further, it examines small states' approaches to informal institutions, and will argue that these states must adopt a flexible policy towards such institutions with global ambitions. This briefing paper will not deal with the tendencies to rely on informal cooperation *within* intergovernmental organizations, or the proliferation of hybrid international organizations incorporating both state and private actors. Hence, only informal institutions between states, such as the Paris Club or the Arctic Council, will be dealt with.

Towards less rigid forms of cooperation

International institutions come in many forms and are functionally highly diversified. Although a neat categorization of the numerous international institutions is almost impossible, a formal intergovernmental organization usually bears the following hallmarks: it is an entity 'set up between states to perform a given task or function, based on a treaty and endowed with at least one organ and some independent powers which enable it to formulate and exercise a will that is independent, to a greater or lesser extent, from the will of the aggregate of its member states'.³

Outside of formal intergovernmental organizations, such as the United Nations (UN) or the World Trade Organization (WTO), there exists a myriad of international institutions that differ when it comes to membership, function, legal status, institutional structure and decision-making procedure. For example, the Organization for Security and Cooperation in Europe (OSCE) is considered by many to be a soft law organization although the participating states widely maintain that it is not a formal international organization, and the G20 is an 'international forum' that has played an important role in the governance of international financial affairs. These informal intergovernmental institutions, as exemplified by different 'Group of' or

1 Frank Biermann and Bernd Siebenhüner, 'The Role and Relevance of International Bureaucracies: Setting the Stage' in Frank Biermann and Bernd Siebenhüner (eds), *Managers of Global Change. The Influence of International Environmental Bureaucracies* (MIT Press, 2009) 1–14 at 3.

2 Mika Aaltola, Joonas Sipilä and Valtteri Vuorisalo, *Securing Global Commons: A Small State Perspective*, FIIA Working Paper 71 (2011), at 7.

3 Jan Klabbers, 'Unity, Diversity, Accountability: The Ambivalent Concept of International Organisation', 14 *Melbourne Journal of International Law* (2013) 149–170 at 152.

'G clubs', are structured around states that convene around a shared purpose through regular meetings, but often without permanent structures or other institutionalization.⁴

In search of relevance and effectiveness

The problems that formal international organizations face in effectively handling common issues have led states to opt for more fluid or informal cooperation, where the cooperation is not slowed down by, for example, formal decision-making procedures, voting procedures or the heterogeneity of actors. Whereas this form of cooperation is not new in the governance of common issues, the extent to which it is being used is new. It is generally accepted that informal institutions are becoming increasingly important in world politics.

The increased use of less formal cooperation arrangements in international relations is usually due to two main reasons. First, many international organizations fail to reflect the alteration in power that has taken place during recent decades. Formal international organizations are slow to adapt to the rising or fading power of states,⁵ as exemplified by the rise of states such as China, India, Brazil and Nigeria, whose growing power has left the representativeness of global institutions in doubt. Second, formal international organizations have proved to be slow or incapable of change in terms of effectiveness. Although a number of factors may induce change, such as new leadership of the organization or competition from other international organizations, some international organizations are nevertheless huge bureaucracies whose course cannot easily be changed. Hence, it makes sense for states to keep cooperation at an informal level if this can be justified in functional terms, meaning that an informal structure is adequate for the purposes of the questions involved.

However, the choice of institutional form is not only affected by functional considerations, where states presumably choose whatever form of cooperation is likely to lead to the best results in achieving the objective. Practice shows that the specific objectives must be balanced with the national interests of each participating state, particularly those of major powers. Thus, more principled decisions guided by domestic politics may steer the way international cooperation is formed. In fact, the tendency to form clubs or other exclusive groups has been interpreted as an oligarchic reaction by major powers to control the game and maintain the status quo in global governance. Taken as such, the creation of informal institutions does not indicate a broader malfunctioning of formal international organizations, but rather the opposite as the latter limit power politics.⁶

This is well illustrated by the policy preference of the United States for informal institutions since the late 1990s. The United States has been critical of the proliferation of international organizations because of problems related to the functioning of international bureaucracies, to the costs thereof and the relative autonomy of international organizations.⁷ In line with this, there has been a move in US policy towards informal cooperation modes. For example, President George W. Bush decided to launch the G20 in its contemporary form as a head of state forum in 2008. The move towards informality may be even further strengthened in the future, as the Trump presidency will supposedly usher in even harder times for formal international organizations such as the North Atlantic Treaty Organization (NATO) and the UN. In the same way, a possible return to great power politics may pave the way for more informal cooperation.

Other states besides the United States have also taken notice of and adapted to the trend of 'non-institutionalised mechanisms of global governance

4 Felicity Vabulas and Duncan Snidal, 'Organization Without Delegation: Informal Intergovernmental Organizations (II-GOs) and the Spectrum of Intergovernmental Arrangements', 8 *Revue of International Organizations* (2013) 193–220 at 197.

5 Barbara Koremenos, Charles Lipson and Duncan Snidal, 'The Rational Design of International Institutions', 55 *International Organization* (2001) 761–799 at 762.

6 Mélanie Albaret, 'Multilateralism under Transformation: International Organizations and "Clubs"' in Bob Reinalda (ed.), *Routledge Handbook of International Organization* (Routledge, 2013) 512–523 at 519–520.

7 Kenneth W. Abbott and Duncan Snidal, 'Why States Act through Formal International Organizations', 42 *Journal of Conflict Resolution* (1998) 3–32 at 5.

and network-based diplomacy'.⁸ Russia's stance towards international organizations is ambiguous; on the one hand, it enjoys privileges within formal international organizations due to being a traditional great power; on the other hand, it seeks to pursue a reformist agenda together with other emerging economic powers through a number of informal institutions. Russia's initiation of BRICS and its participation in it represents a prominent example of the latter category. When it comes to states in Asia and the Pacific, there are conflicting views as to whether they prefer informal modes of cooperation over formal ones,⁹ although they have both resorted to and participated in informal cooperation arrangements in many instances. Such examples are the Asia-Europe Meeting (ASEM), the Association of Southeast Asian Nations (ASEAN), and Asia-Pacific Economic Cooperation (APEC).

To sum up, the assessment of whether major powers or weak or emerging states benefit most from informal institutions varies. Whereas the rise of informality has been seen as a counter-reaction to the constraints imposed upon traditional major powers by formal international organizations, it has also been submitted that weak states are more prone to create and use informal institutions than powerful states if their leverage in global politics is not reflected within existing formal institutional arrangements.¹⁰

From summitry to exclusivity

The wide range of informal institutions that exists makes it important to take note of their diversity; informal institutions vary in terms of structure, participation, agenda, and output. Some of these institutions are cooperations between a limited number of states around concrete issues such as

the renegotiation of official debt under the so-called Paris Club, or more inclusive fora on specific concerns such as the Alliance of Small Island States (AOSIS) with regard to climate change. Other informal institutions, for example the Visegrad Group, bring together states that share overall cultural and political values, whereas some assemble states around broader global governance agendas. The different G groups exemplify the latter, as did the General Agreement on Tariff and Trade (GATT), before it was replaced by the WTO.

Yet informal institutions are often approached from a principled standpoint. Some commentators see them as platforms for confidence-building and agenda-setting between states willing to assume a leading role within particular issue areas. Informal institutions between a limited number of states are thus seen as a tool between bilateral and multilateral forms of cooperation, triggering or complementing broader multilateral cooperation.¹¹

But opposite views where informal modes of cooperation are understood as a potential threat to multilateral cooperation and existing institutions are increasingly prevalent. Informal institutions are often considered to be composed of like-minded states that sit in the same boat rather than embodying the international community and its goals and norms.¹² For example, the creation of the G20 was based on the decision by the G7 states to engage with systematically significant countries such as Saudi Arabia, Korea and Turkey. In other words, informal institutions are often exclusionary by nature in comparison to formal organizations, self-appointed as they are. But it is important to take note of the fact that informal institutions are not only a tool of powerful states. Small states also actively use them to advance their own agenda. One example is the Arctic Council, which effectively brings together eight states of different sizes and leverage, including small states such as Finland and Iceland, to govern matters relating to the Arctic.

8 Concept of Participation of the Russian Federation in BRICS, at para. 4, available at: static.kremlin.ru/media/events/eng/files/41d452b13d9c2624d228.pdf, last accessed 30 Dec 2016.

9 Miles Kahler, 'Rising Powers and Alternative Modes of Global Governance', 2014 Frank W. Woods Lunch-time Lecture, October 2014, available at: munkschool.utoronto.ca/trudeaucentre/files/2014/10/Miles-Kahler-October-24-2014-Lecture-Paper.pdf, last accessed 30 Dec 2016.

10 Felicity Vabulas and Duncan Snidal, *Rising Powers and Forum Shopping: The Use of Informal IGOs to Bypass Formal Institutional Constraints*, Working Paper, March 2014, at 16.

11 Giovanni Grevi, *The Interpolar World: A New Scenario*, ISS Occasional Paper 79, June 2009, at 32.

12 Kenneth W. Abbott and Duncan Snidal, 'Why States Act through Formal International Organizations', 42 *Journal of Conflict Resolution* (1998) 3-32 at 24-25.

Small states' strategies

The tendency to govern global affairs through informal arrangements must be duly noted by small states although it is clear that some informal institutions are more relevant than others from the perspective of, for example, geographical location or issue area. For example, both Finland and Tuvalu are small states, but the latter has a clear interest to join informal networks or fora working on climate change due to its vulnerable geographical position. The infinite variety of informal institutions between states thus calls for a pragmatic approach whereby small states assess in each case the relevance of the institution in question to their national priorities.

However, it is a noticeable feature that informal institutions often limit the number of participating states, and the door is not open to all interested parties. The exclusionary nature of these institutions is naturally not a problem if the institution in question deals with a limited set of goals, such as protection of the local environment. But as soon as an informal institution starts to contemplate global affairs that affect the world's population at large, exclusivity becomes an issue of legitimacy, transparency and representativeness. Against this background, it is understandable that small states must pay increasing attention to informal governance fora due to the risk of being side-tracked in issues that may affect their own interests.

For example, many commentators view the G20 as a central actor in global governance, although it started out as a crisis-solving mechanism with limited objectives in the sphere of international economic and financial governance. When the forum was created, it had three larger missions in relation to financial stability: crisis prevention, crisis management and reform of international institutions. Today, its agenda has expanded to include issues such as climate change, migration, and counter-terrorism. Although the G20 represents the vast population of the world, it clearly affects the standing of states that are left outside. Since its decisions are taken behind closed doors with little or no transparency, it becomes understandable that many weak or small states have voiced concern over the G20's lack of legitimacy; 173 states are left outside the decision-making, which will make it difficult at times for these states and their constituencies to accept the decisions that are made. It also leaves the

question of effectiveness open; it is difficult to estimate whether the forum actually achieves its goals, but more importantly it may have a detrimental effect on multilateral governance overall in the long term.

From resistance to engagement

Small states have been forced to adopt creative practices in order to get their voices heard; what they lack in size they make up for in innovative agency and diplomacy. As a result, they have adopted different approaches towards informal institutions that also make decisions affecting non-participating states. First, there are small states that firmly oppose informal networks because of the real-life effect they have on the world's population. One such example is the Bolivarian Alliance for the Peoples of Our America (ALBA), composed of the Latin American states Venezuela, Cuba, Bolivia, Nicaragua, Honduras and Dominica, which has contested the G20 as a forum for global governance.¹³ Similarly, Norway's former Foreign Minister Jonas Gahr Støre heavily criticized the G20 in 2010 for representing a step backwards in international cooperation because of its lack of international legitimacy.

In contrast to those small or medium-sized states that have resisted the G20, some states have actively sought to influence the Group instead of merely resisting it. Singapore has been a forerunner in the endeavour to influence the G20; it launched an initiative bringing together small states that shared the objective of making the Group more inclusive and fostering greater cooperation with the United Nations so that the world organization is not weakened. Today, the 3G – the Global Governance Group – consists of 30 small and medium-sized states, including three member states of the EU: Finland, Luxemburg, and Slovenia. It embodies the idea that small states lack influence on their own, and must seek to form like-minded groups. In practice, the 3G has called for greater involvement of the UN Secretary-General in the G20, and worked for routes to hear the voices of non-participating states at the G20. Indeed, some achievements can be attributed

13 Andrew F. Cooper, 'The G20 and Contested Global Governance: BRICS, Middle Powers and Small States', 2 *Caribbean Journal of International Relations & Diplomacy* (2014) 87–109 at 90.

to the active stance of the Global Governance Group; the G20 has formalized the participation of the UN Secretary-General in its meetings, and the forum has introduced mechanisms whereby outsider states can attend its meetings.

Finally, some small states have actively sought participation in informal institutions either because they recognize the overall importance of the forum for global governance, or for the reason that they have a particular national interest in participating. For example, the Nordics and the Baltic states have held that their economic leverage should give them one combined seat at the G20 table. Similarly, Singapore sought permanent observer status in the Arctic Council, which it was granted in 2013, since it has actively sought to protect and enhance its maritime interests.

Although the overall influence of small states may be limited, it is within specific issues that they can take initiatives and show leadership.¹⁴ For example, Trinidad and Tobago was one of the key advocates for the establishment of a permanent International Criminal Court, and Finland has demonstrated agency in the governance of the Arctic. Small states can thus show leverage within their own specialist field, and should not shy away from such a pursuit, even in informal institutions where they remain an outsider.

Pragmatism within a principled framework

A policy of engagement seems beneficial for small states in terms of influencing global governance. By accepting new modes of governance instead of rejecting them and thus showing flexibility, small states may have a window of opportunity to work for greater inclusiveness even if *prima facie*

excluded from a seat at the table.¹⁵ It seems more prudent to be able to influence how global governance institutions and processes are developed than to simply dismiss these international fora.

Yet small states are dependent on formal multilateral organizations and the rule of international law to such a degree that they cannot afford to turn their backs on international organizations such as the UN, which truly enjoy legitimacy and ensure that all voices are heard. While being innovative and pursuing specific issues internationally, small states must simultaneously work to uphold those structures that are critical for their survival by ensuring that all states have an equal right to shape and participate in the discourse on global issues.

Conclusions

Small states are unquestionably in an inferior position compared to major powers when it comes to decisions on how to cooperate. The United States has long exercised great leverage over the form that is chosen for institutions, and the tendency to prioritize informal institutions has resulted in many influential networks being established, the G20 being one of the prominent examples. Whereas most small states have reacted pragmatically to informal forms of cooperation that extend their agendas to global affairs, one should be cautious not to abandon more principled positions emphasizing universality and legitimacy. Yet informal institutions are here to stay among a number of other diverse ways of managing common interests. Small states must use their combined leverage in issues where they want to be heard.

14 Margaret P. Karns, Karen A. Mingst and Kendall W. Stiles, *International Organizations: The Politics and Processes of Global Governance* (3rd edn, Boulder, Lynne Rienner Publishers, 2015), at 29; Andrew F. Cooper and Timothy M. Shaw, 'The Diplomacies of Small States at the Start of the Twenty-first Century: How Vulnerable? How Resilient?', in Andrew F. Cooper and Timothy M. Shaw (eds), *The Diplomacies of Small States: Between Vulnerability and Resilience* (Palgrave Macmillan, 2009) 1–18 at 2.

15 Yee-Kuang Heng and Syed Mohammed Ad'ha Aljunied, 'Can Small States Be More than Price-Takers?' 21 *Global Governance* (2015) 435–454 at 439.

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