Iceland and the Vatican City: Small State Agency in International Politics

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The definition of 'small states' has been long debated in International Relations scholarship, with the assumption that state size is a factor largely determinant of foreign policy choice. It also requires making the central assumption that decision-making processes of small states predominantly differ from those of larger ones (East, 1973). Indeed, the question of small state agency in international politics is a discussion which requires drawing on fundamental elements that lie at the heart of international relations, most distinctively, power and structures (Braun, Schindler and Wille, 2018; Barnett and Duvall, 2005). In this sense, scholars have been concerned with how small states can exercise agency and what factors enable or constrain their actions. For instance: How did Iceland win the Cod Wars, and how can we explain the universal influence of the Vatican City, the smallest state in the world? This paper will argue that small states *can* exert agency in international politics, but not always will be structurally able to do so. While small states can exert agency by exercising compulsory, structural, productive, and institutional forms of power (Barnett and Duvall, 2005), they are still constrained by the socially constructed international political order, at given points in time.

To shape this discussion, the paper will first introduce the conceptual foundation of the paper, including: 1) the 'small state' scholarly debate; 2) Barnett and Duvall's dichotomy of power; and 3) the agency-structure problem. Afterwards, there will be a discussion on structural and compulsory forms of power and how small states can exert agency through their geopolitical location by using the example of Iceland in the Cod Wars. Subsequently, there will be a discussion on the other two forms of power, namely productive and institutional power, primarily through the example of the Vatican City State ('the Vatican') and its role as norm entrepreneur. Lastly, there will be a reflection on both case studies, analyzing how state identity influences agency. Overall, this paper will engage with scholarship on small state power and use two case studies which have been classed by the literature as small states (see, e.g., Chong, 2010; Steinsson, 2016) to illustrate how, when, and why states can exert agency in international politics.

Conceptual Framework: Smallness and Power, Agents and Structures

When it comes defining 'small states', the 'conventional model' has conceptualized them as having either one or more of these characteristics: 1) 'a small land area', 2) 'small total population', 3) 'small total GNP', or 4) 'a low level of military capabilities' (East, 1973: 557). However, small states are not a homogenous group (Panke, 2010) as they vary in population, size, economic prosperity, and possession of resources, among others, with capabilities differing across different contexts (Chong, 2010). The concept of power has been at the heart of this debate, often departing from the assumption that smallness equals weakness, which renders small states mere 'pawns' in the grand game of chess played by the most powerful states in the international political order (Bueger and Wivel, 2018: 172). Thucydides emphasized the vulnerability of small states when confronted with more powerful ones through his famous account of the Peloponnesian War where the Melians are told by the Athenians, 'the strong do what they can and the weak suffer what they must' (in Baldacchino, 2008: 21). This reflects the position of realists of various kinds and their assumption that states behave and function according to the status quo, where material capabilities are key to exert power over others (Lebow, 2016).

This paper challenges this assumption by proving that international politics is not a zero-sum game but rather a more

complex and dynamic structure where small states can exert agency in less obvious ways, and possess political prowess disproportionate to their size. Even though there are a myriad of ways of defining small states, this paper will conceptualize them as having a population lower than 30 million and whose agency in the international political order *can* be constrained due to limited resources, vulnerability, or the nature of its geographical borders (Chong, 2010: 384). However, 'small states' are a heterogenous group and may present different ways of conducting foreign policy, depending on domestic and international influences (Graham, 2017). Small states can oftentimes compensate for their material weakness or 'size-related disadvantages' to achieve their foreign policy aims and exert agency, although not all small states will be (structurally) able to do so (Long, 2016; Panke, 2010: 13). Therefore, small states are not by definition weak, but their foreign policies *do* differ from those of larger states and are profoundly dependent on the structures of the international system (Zupančič and Hribernik, 2011). In this discussion power is central, as it grants the 'capacity to act' (Braun, Schindler and Wille, 2018: 788)—when we speak of having power, we conversely speak of having agency.

Parting from these assumptions, power will be defined in accordance with Barnett and Duvall's (2005: 39) definition; that is, 'the production, in and through social relations, of effects that shape the capacities of actors to determine their circumstances and fate,' and include four distinct forms of power which together make up their taxonomy of power, namely: 1) compulsory, 2) institutional, 3) structural, and 4) productive. Firstly, *compulsory power* partly fits within the traditional understanding of power, entailing one actor's ability to exercise 'direct control' over another actor's actions to get what it wants, whether intentionally or not, and goes beyond the possession of material capabilities (Barnett and Duvall, 2005: 48-50). *Institutional power* comprises the ability of one actor to indirectly affect actions of others through institutions based on preexisting (but socially created) rules and standards that can either enable or constrain action (Barnett and Duvall, 2005: 51-2; Long, 2016: 191). Furthermore, presuming that structures determine certain advantages, capabilities, and positions in relation to other actors, *structural power* is when one actor utilizes its position relative to others, and the advantages it brings with it, to get what it wants (Barnett and Duvall, 2005: 52-3). Lastly, *productive power* refers to the 'diffuse social processes' wherein an actor gains power through discursive or normative means, creating identities and defining what behavior is acceptable or desirable in international politics (Barnett and Duvall, 2005: 55-6; Long, 2016). Although these are different manifestations of power, these can also work together and give rise to one another (Barnett and Duvall, 2005: 44).

This 'polymorphous' conceptualization of power is useful for understanding when, how, and why small states can exercise agency *vis-à-vis* other states within the wider agency-structure problem (Barnett and Duvall, 2005: 40-1). The agency-structure problem, as introduced by Wendt, suggests that agents (mainly states) are the architects in creating, shaping, and changing the social reality of international politics perpetually across time, and they do so through a structure that can either enable or constrain them in their way of doing so (in Braun, Schindler and Wille, 2018). Structures can affect agency, but through the imagination, will, and creativity of agents, structures can also be transformed over time (Carlsnaes, 1992; Houghton, 2007). Thus, agents and structures are fundamentally interrelated, 'mutually constitutive,' and together shape the dynamics of the international political order. (Houghton, 2007: 28). This idea works in parallel with social constructivism, which sees international politics as a socially constructed order—created, sustained and transformed through man-made rules, norms, identities and interests—which also have inter-subjective meanings (Morin and Paquin, 2018; Carlsnaes, 2017). Therefore, the discussion on small state agency will work under these theoretical tenets, taking an agency-structure approach.

Geopolitics: Structural and Compulsory Power

This section argues that small states can instrumentalize their geopolitical location—the way the international system is structured—to its advantage and from it, draw bargaining power to get what it wants in the international system (see Bueger and Wivel, 2018; Long, 2016; Graham, 2017). However, these geopolitical advantages are only made possible through the socially constructed international order at given points in time. This can be exemplified by the case of the Cod Wars, where Iceland used its strategic position in relation to the United States (US) and Soviet Union during the context of the Cold War to gain bargaining power against its adversary (Britain) and win all three wars (Steinsson, 2016). Although previous analyses have been concerned with the domestic political dimension of Iceland and the role it played in its victory against Britain (Steinsson, 2016; Ingimundarson, 2008), this section will focus merely on geopolitics and how the strategic geo-location of Iceland rendered it possible for it to exercise agency in

the shape of structural and compulsory forms of power.

The Cod Wars entailed a series of disputes throughout the 1950s and 1970s over the control and use of fishing zones on waters surrounding Icelandic territory, but which had historically also been used by the British to fish Cod (Pincus, 2020; Ingimundarson, 2008). This is an interesting case since, apart from its sale of codfish which consisted of the basis of its economy, Iceland lacked material capabilities, with no natural resources, nor army or navy of its own (Roucek, 1950). Although Iceland could have been regarded as materially weak, it had structural forms of power through the following geopolitical and diplomatic particularities. Firstly, Iceland is practically equidistant from Moscow and Washington and was so at a time where the world was constructed around the bi-polar Cold War dynamics, which rendered Iceland one of the most strategically important states in the world. Proof of Iceland's strategic importance can be found in the US military presence in the country under the Keflavik air base (Roucek, 1950). When it comes to alliances, both, Britain and Iceland were part of NATO at a time where its unity was being threatened (Ingimundarson, 2008). Therefore, although it lacked key material capabilities, Iceland had a strong strategic position and role to play in the Cold War order.

An example where Iceland exerted agency was when the Icelandic government threatened to withdraw from NATO and remove the Keflavik base to compel the US to pressure Britain to make concessions after the establishment of new Icelandic fisheries zones (Pincus, 2020; Steinsson, 2016). During the second and third Cod Wars, the Icelandic government consistently sought to extend their fisheries zone, striking responses from the British but never triggering a full-scale violent military confrontation beyond the launch of defensive warships (Pincus, 2020). This reflects Iceland's structural power, which stemmed not only from its positionality in the bi-polar Cold War order, but also from its ability to engage in 'asymmetric bargaining', where it could instrumentalize its 'irreplaceable value' to the US, to achieve its objectives when confronted with Britain (Steinsson, 2016: 15). This also shows how Iceland derived compulsory power from its structural power, where it was able to use threats to get what it wanted (Steinsson, 2016). The Icelandic government was also 'smart' in the way they played out their political strategy, as they managed to get other more powerful states to compromise with them, while avoiding a full-scale military confrontation (see Bueger and Wivel, 2018)—as Keohane (1969: 310) said, 'if Lilliputians can tie up Gulliver, or make him do their fighting for them, they must be studied as carefully as the giant.' Iceland was able to use its geopolitical location to its advantage and successfully exert agency during the Cod Wars.

This case exemplifies the importance of structures in foreign policy where the bi-polar Cold War order itself was a social construct, dividing the world in competing ideologies. Iceland was able to gain bargaining power against the US due to its strategic importance in relation to the Soviet Union and the great power confrontation between them (see Lebow, 2016). This shows the 'complex interdependence' in international politics, especially regarding the interconnected nature of the needs and actions of both small and powerful states (Keohane and Nye in Steinsson, 2016: 14). Perhaps, if the world had not been constructed according to these competing ideologies and the bi-polar order would have not been divided in this geographically distinct way, Iceland would not have been able to exert agency in this situation at all. This shows how foreign policy choices of small states can be determined by 'context-specific complexities' (Graham, 2017: 149), more distinctly through socially constructed structures and the maneuverability of powerful and small states alike. Therefore, the case of Iceland in the Cod Wars shows not only how agency is possible for small states through the forms of structural and compulsory power, but also how structures largely influence their foreign policy choices at given points in time.

Norms: Productive and Institutional Power

Small states can also exert agency by becoming norm-entrepreneurs or norm leaders, otherwise known as exercising productive forms of power. This has links to Nye's 'soft power,' which emphasizes the importance of non-material capabilities, such as norms and ideas, to achieve foreign policy objectives (in Long, 2016: 9). This agency can then be exerted through international organizations (institutional power) and put these states at the forefront of human rights and humanitarian movements, as well as strengthen their bargaining position to affect the behavior of other states in international politics. In this sense, small states can undergo 'virtual enlargement', which entails magnifying one's importance within the international community beyond size-related expectations (Chong, 2010: 385). These phenomena can be exemplified through the example of the Vatican, which acts as a norm entrepreneur in

international politics (Barbato, 2013) through the morals and values of the Catholic church (Chong, 2010).

The Holy See is the government of the Vatican, who's global influence stems from its connection to the transnational religion of Catholicism, and its former status as the epicenter of the Roman Empire. Even though territorially it comprises the smallest state in the world, its theological presence has no bounds and is symbolically present universally across the lives of approximately 1.3 billion people (Chong, 2010). The Holy See's importance comes from its connection to the Head of the Catholic Church (the Pope), and through the morals and values it draws from its religious stance. The Holy See exercises productive or soft power through its 'moral diplomacy', using norms and standards to guide its action in its foreign policy affairs and to weight in during diplomatic meditation (Chong, 2010: 389; United Nations, 2017). These values also correlate with the ones enshrined in international law and supported by Western powers (Chong, 2010). An example of a time where the Holy See exerted agency in international politics was when President Barack Obama requested their presence as mediator in talks with Cuban President Castro in 2014 (McFarlane, 2016: 179-180). Here, its role as international mediator reflects a situation of 'virtual enlargement' (Chong, 2010), where the Holy See can use its productive power stemming from its status as norm entrepreneur to weigh in diplomatic affairs of other more powerful states. Therefore, even though the Vatican does not possess material capabilities, the Holy See can exert agency as norm entrepreneur in international politics through productive forms of power.

Regarding its institutional power, the Vatican has permanent observer status in the African Union, the Council of Europe and the United Nations (UN), where it has previously managed to alter agendas of Conferences. Indeed, its good relations with most states forming part of the UN has guaranteed the Holy See voice and respect within these institutions (Barbato, 2013). Through these organizations, the Holy See also exercises 'leadership outside-in', using its morality and values to exert soft power in its foreign policy indirectly (Chong, 2010: 386). An example of the Vatican's agency in a more institutional fashion was in the case where it mediated dialogue between the US and Iraq alongside the UN Secretary General in the Iraq War. This yielded positive results, as following the talks the government was more willing to cooperate internationally and expressed the possibility of working towards disarmament (McFarlane, 2016: 184). However, there are other cases of small states exercising agency in this manner. The case of Seychelles as leader in areas of maritime sustainable development and security is a noteworthy example of successful small state diplomacy (Bueger and Wivel, 2018), where former President James Michel exercised leadership in creating the 'Sea Level Rise Foundation' (Baldacchino, 2008: 28). Therefore, through norms and ideas, small states can exert agency in international institutions, and international politics more widely.

However, small states are not always able to exert agency through international organizations using their productive or soft power. For instance, in the Basel Committee some small states offering notable financial services have been excluded from the drafting of standards that negatively affect them by putting them at a competitive disadvantage (Grynberg and Silva, 2006). As Carlsnaes (1992) argues, international institutions can both enable or constrain actors—and there may be cases where more powerful states limit small state agency by excluding them from structures important for their foreign policy objectives. Similarly, the agency exerted by the Vatican is not isolated from the wider structures of international politics. The Holy See's power stems from its status as norm entrepreneur and the fact that many of today's powerful states either subscribe or respect the ideas and values of the Catholic Church. Chong (2010: 402) cautions that the Vatican has exercised its agency in 'carefully chosen areas of time-honored excellence'—and that other states should follow this example, if they are to succeed in their ambitions to exert agency. Therefore, even though small states can exercise productive and institutional power, they can only do so at given points in time, and sometimes at the mercy of more powerful states (Zupančič and Hribernik, 2011).

Smallness and Identities

Scholars have argued that state identity, and the inter-subjective meanings that any identity carries, is essential for the study of international relations and to enhance our understanding of state behavior and foreign policy choices (Green and Bogard, 2012; Long, 2016; Kakachia, Minesashvili and Kakhishvili, 2018). Indeed, small state identities can influence their agency in international politics, particularly whether the small state thinks smallness can be used to their advantage (Szalai, 2017; Graham 2017). So far, the paper has argued that small states can exert agency through different forms of power, be it structural, compulsory, productive or institutional, and do this by exploiting

different forms of advantages that counterbalance smallness-related setbacks. However, an important aspect of small state behavior entails state identity, something highlighted in the theoretical foundations of this paper—social constructivism. Both, Iceland and the Vatican, viewed themselves as small but *not* weak, which in turn led to the success of their respective foreign policy behaviors.

In the case of Iceland its identity is implicitly reflected in its behavior towards Britain during the Cod Wars, where Iceland created an identity of 'smart and strong'—protecting their right to fish in their waters and obtaining their foreign policy objectives by using their strategic location (see Steinsson, 2016). Iceland was smart in the way that it used its smallness – a characteristic used to justify it was not a 'real' threat to other countries—to exert agency outside the security dilemma (see Bueger and Wivel, 2018). When it came to the Cod Wars, Iceland's identity as 'smart and strong' impacted its foreign policy choices because if it would not have been smart in its political strategy and perceived its smallness as weakness, it most likely would have failed to issue the series of threats which led to its subsequent victories. In the case of the Holy See, its identity as 'moral leader', a title derived from its legitimacy as religious authority (Crespo and Gregory, 2019) makes it an ideal actor to mediate between other more powerful states and be a norm entrepreneur in international affairs and institutions. Through its norm entrepreneurship the Vatican has a 'fortified identity' (Szalai, 2017: 347), where its smallness does not prevent it from having universal reach to spread its norms. Indeed, from its very identity as 'moral leader' the Holy See draws its foreign policy approach and its legitimacy to act (see Crespo and Gregory, 2019). Therefore, both cases illustrate how small state identity is key to understanding agency in international politics.

State identity is also important for establishing 'ontological security'—to understand 'who we are' with respect to other states in the international order, and determine the types of relationships between states (Green and Bogard, 2012: 281). These inter-subjective meanings of identities can determine social interactions and be constitutive of the international system. However, these identities are fluid and malleable—capable of evolving across time according to political shifts (Mole in Kakachia, Minesashvili and Kakhishvili 2018; Szalai, 2017). For instance, the Icelandic government has recently expressed a desire to be associated with the term 'Arctic coastal state,' which draws its meaning from the United Nations Convention on the Law of the Sea (UNCLOS) and reflects an urge to be seen as a key actor in maritime policy and security (Dodds and Ingimundarson, 2012: 22). Conversely, the position of Holy See underwent a radical change of identity in the international order, from its 'hard' central authoritative status in the Roman Empire, to a 'soft' moral authority in contemporary politics (see Chong, 2010). Therefore, identities, as fluid and ever-changing abstracts, are key to understanding foreign policy behaviors of small states and unwrap the complexities of the agency-structure problem in international politics.

Conclusion

In conclusion, Iceland and the Vatican have illustrated how small states can exert agency in international politics. Iceland showed how small states can use their geopolitical location to get what they want, in this case using its position in the Cold War context to gain bargaining power *vis-à-vis* the US to win the Cod Wars. Alternatively, the Vatican showed how small states can use productive and institutional forms of power to have voice in international institutions and to mediate dialogue between other more powerful states. Both cases are also examples of small states that used their smallness as an advantage and created a state identity which fortified and enlarged their position in the international system. Even though these forms of power exercised by small states are more diffuse and ambiguous than other more traditional understandings of power, 'on a fundamental level, it remains power' (Long, 2016: 200).

Additionally, the agency-structure problem was useful in revealing the limitations of this power; in every case where there was agency there was a socially constructed order which either enabled or constrained small state action. Whether it is the Cold War order, as is in the case of Iceland's victory in the Cod Wars, or the historical legacy of Catholicism, as in the case of the Vatican, there will always be social structures—created through inter-state relations, norms, ideas, and identities—that delineates the limits of maneuverability of small states in international politics. Small states will sometimes also find themselves at the mercy of more powerful states, mirroring the classical reasoning of Thucydides. However, these case studies are merely illustrative and do not exhaust the various forms in which small states can exert agency—small states do *not* exert agency in identical ways. This essay only discussed

Western, 'developed' small states, and these forms of power may look very different for other small states placed in different contexts, circumstances, and historical time frames. They are not necessarily weak, but also not necessarily strong—each small state will have different types of advantages, which they can utilize at different points in time, in accordance with a socially constructed order that enables them to do so. Because of the fluid and ever-changing nature of international politics, small state agency will change over time, and manifest itself in different, sometimes unpredictable ways.

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