

*Organizational choice: theoretical expectations versus reality*

more objectives the international or supranational organization has, the higher the costs associated with the latter argument.

International outsourcing of foreign policy is, however, only partly possible. The political issues of importance for a VSC have to be promoted by its own foreign policy and by its lobbying in international organizations. For our examination we build no theoretical expectations, with the exception of the obvious statement that VSC have fewer external relations, fewer representations and fewer memberships in international organizations than larger countries.

Note that there is, of course, a partial congruence between the interests of larger adjacent countries and VSC, but there are also differences in vital interests. These differences are mainly due to the differentiation and niche strategies of many small countries, of which tax policy is a prominent example. Therefore, VSC seem to try to obtain membership in important international and regional organizations almost regardless of the costs in order to be able to influence decisions which concern them to a considerable extent.

Some aspects of foreign policy can, however, be sourced out internationally. Many smaller countries do not have embassies or other representations in relatively less important countries. They are either represented by a larger neighbor, or they entirely abstain from being represented.

The evidence in Table 4.8 is mainly in line with intuition. All VSC, with the exception of Nauru, are UN members, and many are members of the IMF and of Interpol. WTO membership is not that widespread, but, at any rate, 15 VSC are WTO members. Nauru is the only country with only one membership in the selected quartet of important institutions; Andorra, Micronesia, Monaco, Palau and San Marino exhibit two memberships. It can therefore be concluded that there are relatively strong incentives for VSC to be part of international politics by means of organizational membership.

The majority of VSC also belongs to regional economic organizations. Foreign economic policy, hence, also seems to play an important role for VSC. This might be due to the above-mentioned importance of niche strategies, which are mostly related to economic issue and, therefore, have to be defended in regional economic organizations. The fact that Micronesia, Nauru, Palau and the Seychelles are not part of any regional integration scheme is due to the inexistence of such a scheme