

The Manifestation of Small State Syndromes in Foreign Policy of Nepal: An Assessment through Case of MCC Grant

Ramesh Kumar Raj

MPhil-PhD Scholar/Faculty, Department of International Relations and Diplomacy (DIRD),
Tribhuvan University, Nepal

DOI: <https://dx.doi.org/10.47772/IJRISS.2023.7011035>

Received: 16 October 2023; Accepted: 25 November 2023; Published: 02 December 2023

ABSTRACT

Nepal, as a small state nestled between two geopolitical giants, India and China, faces a unique set of challenges and opportunities in shaping its foreign policy. MCC compact is the development assistance of the USA to developing countries like Nepal, though the clauses of MCC went through various misinterpretations and controversies. Its base revolves around the issues of sovereignty, the autonomy of Nepal, bilateral relations with major powers, and a policy of non-alignment with intense feelings of nationalism. This research article aims to explore the small state syndromes that influence Nepal's foreign policy decision-making, focusing on the case of the Millennium Challenge Corporation (MCC) grant. By examining the intricacies of Nepal's foreign policy, this article sheds light on the complex interplay of diplomatic, economic, and security factors that shape small states like Nepal. The paper, thus, discusses the small state syndromes in the foreign policy of Nepal by taking MCC as a case and dwells on finding why MCC became controversial in Nepal, which further exemplifies the manifestations of small state syndromes in the foreign policy of Nepal.

Keywords: Small State Syndrome, Nepal, MCC

INTRODUCTION

There must be a clear definition to categorize a country as big or small. The concept of small states, however, can be understood from physical, economic, institutional, and psychological dimensions. These encompass the size, geographical constraints, population, capacities of political, economic, and administrative systems, and different perceptions and views. According to Rothstein in his book entitled "Alliance and Small Powers (1968)", a small state is a state that cannot obtain security by its capabilities and relies on others primarily to protect its security in the event of any external threats (Galal, 2019). Morgenthau (1973) believes that international politics is a struggle for power and classified the behavior of states, in light of the concept of power, into three categories. First, states seeking to possess power by the support of the status quo policies; second, states that seek to uplift their position in the international hierarchy by external expansion; and third, states that are satisfied with their power achieved and they merely care about enhancing their power (Morgenthau, 1973). Thus, small states are the states whose military capabilities are lower and rely on others for their security and survival. They are not the party to power struggle and need more capabilities to enhance their security. The other idea that suggests the small states' definition is perception. According to Jean A.K., the concept of a small state features perceptions; in other words, either a state's people and institutions perceive themselves to be small, or another state's people and institutions perceive that state as small (Kavalsk, 2006). Keohane agrees that the small state is the one whose leaders assume that they cannot, individually or in group, affect the international system. He classified states in terms of their influence on the international system into four categories. Small states, in his view, are influential in the international system, and leaders of those states realize that their countries are not able to affect the international system, either through alliances or unilaterally (Keohane, 1969)

Further, Small states are a weaker part of an asymmetric relationship, which cannot change the nature or functioning of the relationship on its own (Clive, 2014). Later, the weakness of a small state is attributed to its quantitative characteristics: the size of the territory, population, economy, and limited military capability. Jaquet views that a small state, neither on a global nor a regional scale, can impose its political will or protect its national interests by exerting power in politics (Jaquet, 1971). In other words, a small state cannot defend its national interests by its own political or military means (Vaicekauskaitė, 2017). Small state states definition and meaning have always been conflictual; however, reviewing the handful of literature, it is clear that some quantitative characteristics of geographic size, population, economy, and limited military capabilities are essential in defining small states. Other literature adds qualitative characteristics like the perception of being weak, historical isolation, and no or lesser confidence to influence the international system in small states.

Nepal is not a small state owing to its size and population, but, viewing in regards to the location, economic, institutional capabilities, and perceptions, Nepal is a small and landlocked nation in South Asia, positioned at the confluence of two global powerhouses, India and China. The foreign policy of Nepal is shaped by the complex interplay of its geopolitical constraints, limited resources, and security concerns—a set of challenges commonly known as “small state syndromes.” These syndromes are prevalent in the foreign policy decisions of nations with constrained resources and influence, and they manifest in nuanced ways that reflect a nation’s unique circumstances. Small states depend on big powers and multilateral donors to boost their economies. The foreign policy of small states favors the aid and support of international communities to tackle their economic constraints, called a derivative power (Long, 2017). Nepal gets supported by different countries and organizations in economic, humanitarian, and other aspects like providing financial aid, grants, and loans, building infrastructures and technologies, and rendering goods and services. Taking the case of Millennium Challenge Corporation (MCC) as recent updates in Nepal- U.S. dealings, one can say the foreign policy of small states shows dependency on other big powers to tackle its economic constraints. Reliability of external aids and funds, adopting policies that do not alienate major powerful states, and weaker political orientation make Nepal a small state.

This research article delves into the intricate dynamics of Nepal’s foreign policy, focusing on the case of the Millennium Challenge Corporation (MCC) grant. The MCC grant, a substantial financial assistance package from the United States, is emblematic of the challenges and opportunities facing Nepal as it navigates its position in a region of great-power competition. The study of the MCC grant serves as a lens through which we can examine the small state syndromes that influence Nepal’s foreign policy decisions. This paper looks into why Nepal is dependent on international communities, adheres to the policy of non-alignment, and tries to figure out why MCC became controversial in Nepal, which further exemplifies the syndrome of small states in the foreign policy of Nepal.

REFLECTION ON SMALL STATE’S SYNDROME IN NEPAL’S FOREIGN POLICY

There exists no consensus definition of small states, and the borderlines between such categories as ‘micro state,’ ‘small state,’ and ‘middle power’ are usually blurred and arbitrary (Baldacchino & Wivel, 2020). Some assert that there are two peculiar characteristics of small states, which are the constrained capability of their political, economic, and administrative systems and the weaker asymmetric relationship (Godfrey & Wivel, 2020). This weakness of small states also makes a difference in their foreign policy behavior than of other states in the international arena. Maurice A. East (1973) has pointed out that foreign policy behavior of small states which are characterized by low levels of overall participation in world affairs, high level of participation in intergovernmental organizations, support for international legal norms, avoidance of the use of force as a policy of statecraft, non-practice of policy and behavior which aims are alienating the more

powerful states in the system, a narrow range of concerns in foreign policy activities, moral and normative positions on international issues (East, 1973).

Nepal, in the heart of the South Asian region, occupies a unique geopolitical position as a small state, flanked by two global giants, India to the south and China to the north. This strategic location bestows Nepal opportunities and challenges as it navigates its foreign policy in the shadow of these two behemoth neighbors. The small-state syndrome characterizes the foreign policy of Nepal. This term encapsulates the complex dynamics faced by smaller nations with limited resources and influence on the international stage. As a small state, Nepal confronts a distinct set of geopolitical constraints. Landlocked and situated between the two most populous countries in the world, it faces a delicate balancing act in its foreign policy. The foreign policy of Nepal, therefore, faces a series of constraints, from geopolitical realities to insufficient material capabilities. Nepal takes a normative position while navigating its foreign policy to overcome the constraints. Nepal is determined to conduct an independent foreign policy based on the charter of the United Nations, non-alignment, principles of *Panchasheel*, international law, and the norms of world peace, taking into consideration the overall interest of the nation while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal (Constitution of Nepal, 2015) reflects the moral and normative positions of Nepal on international issues. Nepal actively engages itself in IGOs and highly supports international legal norms. Nepal's engagement with the U.N. has been active and meaningful despite its limited size and strength (Hamal, 2014). Nepal is a top contributor to U.N. Peacekeeping troops. However, Nepal's role has not been influential as Gautam (2013) comments, "Although Nepal has been one of the top contributors for four decades, we have not secured any top executive positions in the U.N.'s Peacekeeping department, and recently even as force commanders in the field"(Gautam, 2013). Nepal is a party to twenty-four human rights conventions and protocols, including seven of nine core international human rights instruments adopted under the aegis of the United Nations (Gautam, 2013). Nepal has been prioritizing diplomatic and peaceful means, such as dialogues and negotiations over military confrontation with neighboring and other countries. These characteristics mentioned above are low levels of overall participation in world affairs, high level of participation in intergovernmental organizations, support for international legal norms, avoidance of the use of force as a policy of statecraft, non-practice of policy and behavior which aims are alienating the more powerful states in the system, a narrow range of concerns in foreign policy activities, moral and normative positions on international issues what Maurice east claim as the syndrome of smallness is reflected in foreign policy behavior of Nepal which the recent updates in Nepal have further illustrated -USA relationship through a case of MCC. The further section of the articles digs into finding the manifestation of Nepal's small state syndrome in foreign policy to accept the MCC grant without controversy and prolongation in decision-making.

THE MCC GRANT: A MANIFESTATION OF NEPAL'S SMALL STATE SYNDROME IN FOREIGN POLICY

The acceptance of the Millennium Challenge Corporation (MCC) grant by Nepal serves as a critical case study in the examination of the small state syndromes that influence the country's foreign policy. This section will provide a detailed exploration of the background of the MCC grant and its implications, highlighting its significance in Nepal's foreign policy landscape.

The MCC arose from the United Nations Conference on Financing Development held in Monterrey, Mexico, in March 2002. European leaders planned on announcing a significant increase in their aid budgets, and the awakening after 9/11 led President Bush to revise aid provided by the U.S. President Bush declared to increase U.S. aid by \$5 billion per year by 2006 through a new Millennium Challenge Account (MCA). However, it was subject to criticism from aid critics and the people of America. Still, It was shortly after 9/11 when the American people were painfully aware of the linkage theory that problems and discontent in

one part of the world could produce dire consequences at home. In the wake of the terrorist attack and the emerging global war on terror, Congress was more than willing to support the president's proposal for a substantial increase in aid. Finally, to counter-arguments that aid had been ineffective, the president tied aid to the performance of recipient governments, arguing that good policy performance would produce more effective aid. Those that "govern justly, invest in their people, and encourage economic freedom" would be eligible to receive the new aid and arguably make the most effective use of it. Congress approved the latest initiative in January 2004 in the Millennium Challenge Act of 2003 (Congressional et al., 2019)

The journey of Nepal's engagement with the Millennium Challenge Corporation (MCC) grants remarks by intricate negotiations and a comprehensive decision-making process. The decision to accept the MCC grant underscored the multifaceted nature of Nepal's foreign policy. Here, we delve into the particulars of Nepal's negotiations with the MCC and its ultimate decision to accept the grant. Nepal started with a threshold program under MCC with a study and research project to determine factors hindering a country's economic growth. The research committee comprised delegates from the finance ministry along with other experts and economists from Nepal and the U.S., suggested Energy, transportation, and rigid labor policy that was ineffective in fueling economic growth. The committee study was completed by 2015 during the earthquake, and based on the study's findings, a further Expert group was formed to frame compact projects for MCC. The expert group initially designed various projects like upgrading the road (fast and broad) from Itahari to Kakadbhitta to reduce heavy traffic. Another Project adding 40 million dollars of MCC project to Kathmandu- Nijgadh Fast track where the World Bank had to fund 40 million dollars. The third project was to enhance Pokhara-Butwal highways straight for 60KMPH speed.

Similarly, the Expert group also proposed a project to connect Kathmandu-Nuwakot and Trishuli through roadways. However, the Energy sector, with larger costs, remained attractive. It set up a 400KV transmission line running 400 kilometers on the Lapsiphedi- Galchhi-Damauli-Sunawal power corridor. It also had a provision to set up three substations en route to infrastructure connecting to the cross-border transmission line with India in Rupandehi. MCC compact also found the maintenance of around 300 kilometers of roads on the East-West Highway attractive (Wagle, 2019). However, the debate between the MCC and Nepal economists arose regarding the distribution of electricity produced. The proposed transmission line would help bring electricity from the Koshi Corridor and Tamakoshi Corridor to Kathmandu and the remaining electricity generated from the Marsyangdi Corridor to the national grid. The Americans saw Nepalese demand-supply as 200KV and asked why they funded a 400KV transmission line. In response, a Nepalese Expert proposed exporting an additional 200KV to India through the Butwal-Gorakhpur interstate transmission line, and even the Nepal-India Energy discussion team assured of a bilateral conclusion. With this, the U.S. found the project more deliverable and sustainable (Wagle, 2019). Nepal became the first country in South Asia to qualify for the compact meeting 16 out of the 20 policy indicators. Then joint-secretary Baikuntha Aryal and Jonathan Nash, acting chief executive officer of the MCC, in September 2017, signed an agreement in the presence of then-minister for finance Gyandera Bahadur Karki and U.S. Deputy Secretary of State John J Sullivan in Washington. The U.S. government agreed to provide \$500 million in grants after approval from Congress. Nepal also had to add \$130 million for the project. As per the deal, the funds will be spent on MCA Nepal as a Government of Nepal agency will manage the Compact/program developed by the Office of the Millennium Challenge Nepal (OMCN) in coordination with the Millennium Challenge Corporation (MCC), USA (Wagle, 2019).

THE ROAD TO RATIFICATION

In this section, the MCC case study further analyzes to gain a better understanding of what Nepal is going through in its negotiations with and acceptance of the grant, as well as national and international reactions that followed. Analyzing how complex these issues are for small countries when it comes to deciding on foreign policy decisions Nepal has been dealing with an ever more significant share of development

challenges.

There was significant disagreement and a need for national consensus regarding MCC acceptance, demonstrating Nepal's smallness in steering its foreign policy. Many members of the government were both for and against the donation. For example, after Deuba took office in July 2021, the movement for ratification of the Compact gained traction. However, the CPN (Maoist Centre), led by Pushpa Kamal Dahal, well known as Prachanda, was opposed to the ratification. The U.S. made multiple attempts to get Kathmandu to press for ratification. In July 2021, U.S. Secretary of State Antony J. Blinken called Deuba to discuss bilateral collaboration and the fight against COVID-19. During the phone discussion, Blinken and Deuba addressed the MCC.

In addition, the MCC's Vice President Fatema Z Sumar will visit Nepal in September 2021 to persuade political leaders from both the ruling coalition and the opposition to ratify the Compact (U.S. Embassy Kathmandu, 2019). Furthermore, Washington pressed Kathmandu to decide by February 28, 2022 (The Himalayan Times, 2022). During his phone contact with Deuba, US Assistant Secretary of State Donald Lu cautioned that failing to do so would result in the U.S. reconsidering its relationship with Nepal (The Print, 2022). Supporters of the MCC in Nepal believe it will assist in enhancing the country's economy. The skeptics (mostly the Maoists) argue that the MCC is part of the U.S.'s bigger Indo-Pacific plan to fight China and that Washington intends to exploit Kathmandu for strategic and military purposes (The Diplomat, 2022). They also worry that Nepal will need more proper oversight of the project's oversight board.

Furthermore, they see the Compact's provisions as an attempt to undermine Nepal's sovereignty. Nepal's finance minister wrote a letter with questions to the MCC headquarters in Washington in September 2021 to obtain clarification from the U.S. on the concerns above (Shrestha & Giri, 2021). The list questioned whether the Compact was part of the United States' Indo-Pacific strategy, whether it would have a security impact on Nepal, who would audit the project, and where the Compact would contradict Nepal's Constitution. In response, on September 8, 2021, the MCC headquarters issued a letter stating that the Compact was independent of Washington's Indo-Pacific strategy. The Nepal government would keep the project's data and documentation, and the Compact would be under Nepal's Constitution (Millennium Challenge Corporation, 2021). Sumar confirmed these comments during her visit to Kathmandu in September 2021, stressing that the initiative has no military component and will not jeopardize Nepal's sovereignty (U.S. Embassy in Nepal, 2021). She spoke with political figures from the ruling alliance and different opposition groups, including K P Sharma Oli, former Prime Minister and current leader of the opposition, CPN (Unified Marxist-Leninist), to advocate for MCC clearance (Ranjan, 2021). However, the CPN (Maoist Centre) remained steadfast in its opposition to putting the accord on hold in its current shape. The Nepali Congress fought for approval despite resistance from its alliance partner, even if it meant fracturing the coalition. It was clear when Nepali Congress leader Ramachandra Poudel indicated at a press conference on February 24, 2022, that if the associated parties did not support the MCC, the ruling coalition could disband (Samiti, 2022). The decision was reached after numerous rounds of talks and extensive debate. The Compact was ratified finally on February 27, 2022, after many rounds of discussions and much thought, with 12 interpretative pronouncements (Setopati, 2022). Even though the MCC has ratified, interpretive pronouncements and protests remain a source of concern.

Despite the Compact's bright possibilities for Nepal's growth, as emphasized by its advocates, the MCC has been hotly contested, labeled "controversial," and took the country's Parliament five long years to ratify.

The much-debated Millennium Challenge Corporation (MCC) Nepal Compact was accepted by Nepal's Parliament with an interpretive proclamation on February 27, 2022, only one day before the deadline set by the United States (U.S.). Ratification was postponed because of intense polarization for and against MCC. The debate over the MCC accord took place within Nepal's ruling government. During his May 2017 visit to Nepal, David J Ranz, assistant secretary for South Asia at the U.S. State Department, stated that the MCC

was a critical component of the Indo-Pacific Strategy. Many authorities of the governing party administration support IPS as an additional military alliance and tactic to encircle China. Many claim that indirectly joining IPS through MCC violates constitutional rules of Nepalese foreign policy non-alignment. Others claim that MCC has nothing to do with IPS because the two have separate origins and functions. MCC is a genuine financial help for the least developed countries for infrastructure development that assists in overcoming poverty.

NEPAL'S SANDWICHED FOREIGN POLICY IN THE GAME OF GEOPOLITICS

India and China, as neighboring powers, play pivotal roles in shaping Nepal's foreign policy, especially in the context of the Millennium Challenge Corporation (MCC) grant. This section delves into the specific interests and concerns of India and China and how these influence Nepal's decision-making regarding the MCC grant.

India's historical, cultural, and economic ties with Nepal have established it as Nepal's largest and most influential neighbor. India seeks to maintain its influence in the region, which includes Nepal, for both geopolitical and economic reasons. The proximity of some of the proposed MCC grant projects to regions with unresolved border disputes between Nepal and India raised concerns. India closely monitored these developments, fearing potential territorial implications. The complex history of Nepal-India relations, marked by periods of cooperation and tensions, added to India's interest in Nepal's decisions regarding the MCC grant. India aimed to ensure that Nepal's choices aligned with its regional interests. While nurturing its relationship with Nepal, India strives to strike a geopolitical balance in the region, especially with China. Nepal's decisions on the MCC grant needed to be viewed in this broader context. While perceiving China as a more potent threat in its backyard, India's regional interests dovetail with the United States. Given recent border tensions, India realizes it cannot battle Chinese aggression alone. Whether New Delhi wants it or not, the U.S. must be involved. In many ways, it boils down to picking the lesser of two evils (Baral, 2022). Nonetheless, neither the Indians nor the Chinese are content with a stronger American presence. Traditionally, India has attempted to limit Nepal's involvement with the rest of the world, following in the footsteps of British India. It is wary of the expanding Chinese influence in Nepal. However, the Indians are likewise uneasy with American activism in the region (Baral, 2022). India continues to seek to reduce the American presence in Nepal. Aside from being India's traditional backyard, "if the United States and China begin competing for investment and influence in Nepal, where will India, the traditional hegemon here?" However, due to geopolitical interests that overlap with the United States in curbing China's growing activism, India has chosen to intervene less in the decision-making of Nepal towards MCC. However, China's objective is openly stated as forceful and persuasive diplomatic measures to influence Nepalese decision-making in favor of MCC.

The Chinese are most concerned about Americans: in Beijing's opinion, the U.S. encourages Indians to cause trouble by utilizing "soft spots" like Nepal to encircle China. As the geopolitical conflict between China and the United States has heated up, so have China's stakes in Nepal (Republica, 2017).

The engagement of Nepal with the United States through the MCC grant is also viewed in the prism of the greater geopolitical conflict between the United States and China. China seeks to counteract the United States' dominance in the region. On February 18, a Chinese foreign ministry official indicated, in an unprecedented move, that China opposes coercive diplomacy in Nepal, referring to a phone conversation made by U.S. Assistant Secretary of State for South and Central Asian Affairs Donald Lu to Nepali leaders encouraging them to support the MCC. (2022, Global Times). In response to the allegation, the U.S. embassy in Nepal released a statement stating that the MCC agreement was a choice made by Nepal (Republica, 2022). On March 25, Chinese Foreign Minister Wang Yi visited Nepal, indicating that Beijing intended to demonstrate its presence in Nepal following the ratification of the MCC. According to a Chinese foreign ministry press release, Wang stated that China opposes attempts to play geopolitical games, a veiled

reference to the United States' expanding involvement in Nepal. Recognizing Nepal's geostrategic importance, both countries are vying to establish a footprint in the Himalayan nation. (FMPRC, 2022) This Compact faced criticism as the strategy of the USA against China. Nepal wants to be separate from US-China strategic calculations. MCC compact became a national debate from the political to public spheres. There were misinterpretations and controversies regarding the clauses of this compact. Nepal's communist parties objected to the MCC compact for several reasons, including its supposed precedence over Nepal's constitution, the need for parliamentary approval, a project under it impeding a proposed Nepal-China railway line, its auditing by American rather than Nepali auditors, and its inclusion in the IPS (Ranjan, 2021). The claim that the MCC compact is superior to the national charter stems from Article 7.1 of the Compact, which states: "The Parties understand that this Compact, upon entry into force, will prevail over the domestic laws of Nepal (MCAN, 2017)." Because the constitution is the supreme law of the state, many have construed this to suggest that the Compact takes precedence over the constitution, compromising Nepal's sovereignty. Political polarization and global tensions Nepal indecisive regarding accepting the grant. On the one hand, even the opposition party of Nepal strongly supports MCC and its implementation, and leaders have even warned that it would be "suicidal" for Nepal" if the house rejects the Compact as it would have lasting consequences for the Nepal-US diplomatic relationship. On the other hand, some politicians raised concerns about Nepal-China relations, saying this Compact would affect these relations, so in return, they opposed this Compact for Nepal. Nepal remained undecided regarding this Compact for a long time, also because of China-US factors. It also reveals how the foreign policy of Nepal orients and reorients for maintaining good ties with powerful states in the system. Geopolitical tensions compromised Nepal's National interest, and Nepal once again seemed to fail in the trap confined by its neighbors. Despite the realization that U.S. aid under MCC serves the National interest of Nepal and the opportunity to look beyond India and China and seek greater engagement with other powers to derive economic benefit and relinquish meaningless geopolitical adventures, Nepal's decision-making could have been better confined to geopolitical competition. Nepal failed to catapult the entanglement of Sino-Indian paranoia and assert its strategic autonomy.

ADHERENCE TO POLICY OF NON-ALIGNMENT

The policy of non-alignment is the fundamental basis of Nepal's foreign policy. This idea evolved as a non-participation policy in the military affairs of a bipolar world and in the context of colonialism to maximize involvement through multi-polar participation toward peace and security. The protests against the MCC compact also for being taken MCC as a part of the Indo-Pacific Strategy that supports military alliances with the U.S. along with the development of Nepal (The Kathmandu Post, 2020). The consistent fear factor of military alliance and sovereignty overshadowed the developmental side attached to it. Politicians, scholars, experts, and even the public engaged in the debate, some with logic while more concerned with the hype of military alliance and encircling China. The critics of the MCC compact lie in the subject of sovereignty, autonomy, and policy of non-alignment of Nepal. Its base revolves around Nepal-China relations and a policy of non-alignment with intense feelings of nationalism. Adherence to this policy also reveals the practice of policy and behavior in the foreign policy of small states whose aims are not to alienate the more powerful states in the system. The controversy that aroused out MCC and of non-aligned foreign policy seems at the cost of national interest and Nepal's unwillingness to shift to malalignment.

CONCLUSION

The small states syndrome often manifests in the foreign policy and diplomatic practices of Nepal. Nepal signed the MCC grant in 2017 and remained indecisive, ratified in February 2022. Much controversy arose out of the ratification proposal, which manifested Nepal's smallness in navigating its foreign policy. Nepal could only situate its national interest after the game of geopolitics. It showed a fear factor in Nepal alienating powerful states, mostly its neighbors China and India. Politicians, scholars, experts, and even the

public have engaged in the debate, some with logic while more concerned with the hype of military alliance and encircling China. It was only with the presentation of the twelve-point declaration statement that the MCC compact was ratified by the federal Parliament a day before the deadline for endorsements of the grant. The foreign policy of Nepal prioritizes a policy of non-alignment concerned primarily with its immediate neighbors India and China at the cost of its National Interest and opts for normative positioning in international relations. Nepal's concern towards China was evident in accepting the MCC grant, which further supports that Nepal's foreign policy behavior exhibits small states' syndromes. These also reflect the traits of foreign policy behavior of small states, as mentioned by Maurice A. East, which is avoidance of the use of force as a policy of statecraft, the practice of such policy and behavior which aims not to alienate the more powerful states in the system.

REFERENCES

1. Baral, B. (2022, February 9). Nepal's fierce MCC Debate. – The Diplomat <https://thediplomat.com/2022/02/nepals-fierce-mcc-debate/>
2. Baldacchino, G., & Wivel, A. (2020). Small states: concepts and theories . In A. W. Godfrey Baladacchino, *Handbook on the Politics of Small States* (pp. 2-19). Cheltenham: Edward Elgar Publishing Limited.
3. Clive Archer, A. J. (2014). *Small States and International Security*. New York: Routledge.
4. East, M. (1973). Size and Foreign Policy Behavior: A Test of Two Models. *World Politics*, 556-
5. Galal, A. M. (2019). External behavior of small states in light of theories of international relations. *Review of Economics and Political Science*, 5(1), 38–56. <https://doi.org/http://dx.doi.org/10.1108/REPS-11-2018-0028>
6. Gautam, K. C. (2013). *Enhancing Effective participation of Nepal in International System . Foreign policy of Nepal*. Kathmandu: Institute of Foreign Affairs.
7. Government of Nepal (2015). *The Constitution of Nepal*. Kathmandu, Nepal: Kanuni Kitab Byawastha Samiti.
8. Hamal, Y.B. (2014). *Ecology of Nepal's Foreign Policy*. Kathmandu: Nepal Centre for Development and Policy Studies Pvt. Ltd
9. Kavalski, E. (2006). Book Review: Jeanne A.K. Hey (ed.), *Small States in World Politics: Explaining Foreign Policy Behavior*. *Millennium – Journal of International Studies*, 974-979.
10. Keohane, R. O. (1969). *Lilliputians' Dilemmas: Small States in International Politics*. University of Wisconsin Press, 291-310.
11. Kamat, R. K. (2022, February 7). US sets Feb 28 deadline for MCC Ratification. *The Himalayan Times*. <https://thehimalayantimes.com/nepal/us-sets-feb-28-deadline-for-mcc-ratification>
12. Kathmandu, U. S. E. (2021a, September 9). Media note MCC vice president Fatema Sumar visits Nepal. U.S. Embassy in Nepal. <https://np.usembassy.gov/media-note-mcc-vice-president-fatema-sumar-visits-nepal/>
13. Kathmandu, U. S. E. (2021b, September 9). Media note MCC vice president Fatema Sumar visits Nepal. U.S. Embassy in Nepal. <https://np.usembassy.gov/media-note-mcc-vice-president-fatema-sumar-visits-nepal/>
14. Long, T. (2017). Small States, Great Power? Gaining Influence Through Intrinsic, Derivative, and Collective Power. *International Studies Review*, 19(2), 185–205. <http://www.jstor.org/stable/26407895>
15. MCC. (2022, August 4). *Nepal Compact*. Retrieved from Millennium Challenge Corporation: <https://www.mcc.gov/where-we-work/program/nepal-compact>
16. Millennium Challenge Corporation. (2021, September 8). *MCC clarification letter and responses english and Nepali.pdf*. Google Drive. <https://drive.google.com/file/d/156L1jGJgoKrFnRrVlXrz9-dz-9GSaYd3/view>
17. Millennium Challenge Account Nepal . (2017, September 14). *Millennium Challenge Compact .* https://mcanp.org/en/wp-content/uploads/2019/04/Millennium_Challenge_Compact.pdf
18. Ministry of Foreign Affairs of the People's Republic of China . (2022, March 26). Wang Yi Talks

- about China's "Three Supports" for Nepal. Wang Yi talks about China's "Three supports" for Nepal. https://www.fmprc.gov.cn/eng/zxxx_662805/202203/t20220327_10656328.html
19. Morgenthau, H. (1973). *Politics among Nations : The struggle for Power and Peace* . New York: Mc Graw Hill.
 20. Poudel, S. S. (2022, February 22). Nepal's MCC debate reflects flaws in its decision-making. – The Diplomat. <https://thediplomat.com/2022/02/nepals-mcc-debate-reflects-flaws-in-its-decision-making/>
 21. Pradhan, S. B. (2022, February 11). US says will review ties with Nepal if it failed to ratify MCC pact by Feb 28 deadline. The Print. <https://theprint.in/world/us-says-will-review-ties-with-nepal-if-it-failed-to-ratify-mcc-pact-by-feb-28-deadline/828391/>
 22. Ranjan, A. (2021, September 20). The MCC Nepal Compact A Victim of Political Divisions. ISAS.NUS.EDU.SG. <https://www.isas.nus.edu.sg/papers/the-mcc-nepal-compact-a-victim-of-political-divisions/>
 23. Republica. (2022, February 20). MCC ratification is Nepal's sovereign decision: US. My Republica. <https://myrepublica.nagariknetwork.com/news/mcc-ratification-is-nepal-s-sovereign-decision-us/>
 24. Republica. (2017, January 21). Nepal's strategic location prevents it from being a burden for India or China. My Republica. <https://myrepublica.nagariknetwork.com/news/nepal-s-strategic-location-prevents-it-from-being-a-burden-for-india-or-china/>
 25. Samiti, R. S. (2022, February 24). Ruling coalition can break if no support in endorsing MCC: NC leader Poudel. The Himalayan Times. <https://thehimalayantimes.com/nepal/ruling-coalition-can-break-if-no-support-in-endorsing-mcc-nc-leader-poudel>
 26. Setopati :: What's in 12-point interpretative declaration on MCC?, S. (2022, February 27). What's in 12-point interpretative declaration on MCC? <https://en.setopati.com/political/158036>
 27. Shrestha, P. M., & Giri, A. (2021, September 8). MCC responds to Nepal's concerns ahead of its vice president's visit. The Kathmandu Post. <https://kathmandupost.com/national/2021/09/08/mcc-responds-to-nepal-s-concerns-ahead-of-its-vice-president-s-visit>
 28. Shrestha, P. M., & Giri, A. (n.d.). MCC responds to Nepal's concerns ahead of its vice president's visit. The Kathmandu Post. <https://kathmandupost.com/national/2021/09/08/mcc-responds-to-nepal-s-concerns-ahead-of-its-vice-president-s-visit>
 29. Times, G. (2022, February 18). China opposes "coercive diplomacy" of us in pushing MCC Compact in Nepal. Global Times. <https://www.globaltimes.cn/page/202202/1252597.shtml>
 30. The Kathmandu Post. (2020, January 9). Why the MCC compact courted controversy in Nepal. The Kathmandu Post. <https://kathmandupost.com/national/2020/01/09/why-the-mcc-compact-courtied-controversy-in-nepal>
 31. The Kathmandu Post (2022, February 22). Parliament ratifies MCC compact after years of delay. Retrieved from The Kathmandu Post: <https://kathmandupost.com/national/2022/02/27/nepal-parliament-ratifies-mcc-compact>
 32. U. S. Department of State. (2022, July 28). U.S. Relations with Nepal. Retrieved from U.S. Department of State: <https://www.state.gov/u-s-relations-with-nepal/#:~:text=The%20United%20States%20recognized%20Nepal,%2C%20resilient%2C%20and%20democratic%20society.>
 33. Vaicekauskaitė, Ž. M. (2017). Security Strategies of Small States. *Journal on Baltic Security*, 7-5.
 34. Wagle , S. (2019, December 23). एमसीसीको नालीबेली : बाठो बन्दा अल्पज्ञान छचल्कियो. Online Khabar. <https://www.onlinekhabar.com/2019/12/822624?fbclid=iwar38meo1q3dhtvgk16rwsdvlzl-mz0njxlvpr-cr-hkhflosdqksjabsry>