

# Rethinking the Role of International Institutions in Post-Soviet States

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The common wisdom is that international institutions (hereafter referred to as IIs) have a poor track record in promoting change in post-Soviet states. On the one hand, congressional critics censure the International Monetary Fund (IMF) and other financial institutions for their inability to foster progressive economic development in Russia. On the other, civil society activists lambast regional organizations such as the Organization for Security and Cooperation in Europe (OSCE) for allowing gross violations of human rights in Chechnya or for accepting policies--such as the death penalty in Ukraine--that are in direct violation of core European norms.

Yet, as always, such headline stories reveal only part of a much more complex picture. To appreciate fully the role--bad and good--that IIs have played in the former Soviet area, we need to rethink the conventional wisdom on three issues: 1) the kinds of change that international institutions promote; 2) the mechanisms and logics through which they affect domestic politics; and 3) the role played by conditionality.

## **International Institutions and Domestic Change**

International institutions promote three types of change. The first type is policy oriented and focused on the near term. Consider the IMF's role in Russia, where, on numerous occasions, it has promised Moscow loans in return for specific changes in policy--increases in tax collection or lower inflation targets. One thus assesses II effectiveness by making a before and after comparison of policy: has it changed in ways consistent with IMF prescriptions? At this level, the track record is disheartening, to say the least.

A second type of change is longer term and institutional, with IIs influencing the very structure of state-society relations in post-Soviet states. Such influence has been both intentional and unintentional. On the latter, IMF and World Bank policies favoring rapid, large-scale privatizations in Russia had the unintended consequence of helping to empower a new set of social actors--the so-called financial oligarchs (e.g., Boris Berezovsky) who used their new found wealth to have a major and often detrimental impact on policy.

However, other international institutions--the European Union, the OSCE, and the Council of Europe--have made societal empowerment an intentional and, indeed,

fundamental basis of their policy. Through start-up grants, training seminars, the provision of internet resources and the like, they have sought to consolidate the NGO and third sector groups that were beginning to take root as the USSR collapsed. Certainly, regional organizations made many mistakes--such as pushing practices and procedures that did not always resonate with post-Soviet realities. More recently, however, they have come to appreciate that local context is critical in crafting effective strategies for empowering civil society. Thus, instead of flying in Western experts to lecture local NGOs, the Council of Europe is now more likely to convene and moderate a brainstorming session, where Russian NGOs debate how to promote women's rights given local values and customs.

What is the scorecard for this second type of change? For starters, empowering oligarchs like Berezovsky is not reason to be proud--even if done unintentionally. Moreover, although one can point to numerous instances where Russian or Ukrainian authorities have ignored protests by NGOs concerning human rights abuses in Chechnya or Crimea (the situation of the Tatars), to note this is to miss an equally important fact. For the first time ever, the authorities are consistently responding to such criticisms, feeling a need to justify their actions ("Chechnya is an anti-terrorist operation") and to take remedial action (appointing a regional human rights ombudsman for the area that includes Chechnya). While this falls short of what Western institutions or NGOs want, a growing body of research indicates that such tactical concessions are the first step in a longer-term dynamic whereby respect for human rights becomes institutionalized.

A third type of domestic change promoted by international institutions is in the area of attitudes and values. This is at once both the most important and most difficult to measure. In this case, IIs may lead individuals and groups in the former USSR to rethink their core interests, or (to use the buzzword) to socialize them into the Western community of values. How does this happen? It often occurs through dialogue and debate, where persuasion and argumentation play central roles. For example, there is considerable evidence that such processes help explain why in the early post-Soviet years Ukrainian political elites defined their nationality and citizenship laws in inclusive terms--thus integrating and not ostracizing the large Russian minority in the country.

Attitudinal change is a long-term process. Its endpoint is so-called internalization, where (to continue the above examples) respect for core human rights norms becomes taken for granted. When and if this comes to pass, the international community and domestic social groups will no longer need to pressure and shame governments in post-Soviet states. Rather, respecting basic rights would become the appropriate thing to do. At present, countries like Russia are nowhere near this stage of internalization.

In sum, IIs promote three types of domestic change: near-term policy, medium-term institutional and long-term attitudinal. These correspond to three distinct mechanisms and logics: incentives, empowerment, and socialization.

## **The Mechanisms and Logics of Change**

Let us begin with near-term policy change and continue with my earlier IMF/Russia example. The mechanism through which the IMF seeks to influence Russian policy is largely one of incentives. It offers money in return for good Russian behavior, defined as adhering to Fund orthodoxy on deficits and other issues. (Of course, reality has been different, with IMF loans often dispersed despite non-compliance on Russia's part.) The hope is that the material incentive of hard currency and the provision of information (on inflation targets, say) will induce a change in Russian behavior and policy.

With medium-term institutional change, IIs seek influence at a deeper level, by helping to restructure state-society relations. The mechanism here is empowerment: IIs offer resources of both a material (e.g., start-up grants) and non-material (e.g., workshops on proposal writing) sort. The goal is not to alter the incentive structure of specific domestic agents. Rather, it is to help create new political actors or "to build societal capacity."

Capacity building sponsored by IIs is by nature not headline news; however, it can make a crucial difference. In December 1999, after four years of temporizing, Ukraine ruled the death penalty to be unconstitutional. While it may seem odd to Americans, a prohibition on capital punishment is a core pan-European norm promoted by the Council of Europe, as well as the OSCE and European Union (EU). Certainly, overt pressure seeking to alter the calculations of political elites played a role in Ukraine's decision: the Council's Parliamentary Assembly was threatening it with expulsion. Yet such threats had been a constant since at least 1996. The difference, by late 1999, was the existence of a much broader public debate in Kiev on the merits of capital punishment. In turn, such debate was greatly facilitated by the slow empowerment of new social actors in Ukraine.

For attitudinal and value change, the dominant mechanism and logic of II influence at the national level is different yet again. The game is not to reshape the incentives of political elites or to empower new social actors; rather, it is to help these actors rethink their views on a variety of issues--to socialize them. Consider human rights in Russia, where socialization dynamics are currently playing out in a number of settings, including schools and small seminars. The Council of Europe, with financial assistance from the Swiss government, has established eleven regional human rights centers across the Russian Federation. They serve as library/information resource points, helping teachers who wish to incorporate such material in their courses. In addition, the Council and OSCE have organized a number of human rights brainstorming sessions, where the language is not one of threats or sanctions, but, instead, of dialogue and reasoned argument--for example, over the core human rights that democracies should respect.

My point here is not to suggest that one type of change or mechanism of influence is better. Rather, all must be considered if we are to properly assess the role of international institutions in post-Soviet states. Unfortunately, too much commentary places excessive emphasis on the first type of near-term policy change and on one particular institution--the IMF. The universe of IIs seeking to influence politics in the former USSR, and the mechanisms through which they attempt it, are much broader.

## **The Role of Conditionality**

A final issue is what obligations post-Soviet states must undertake before gaining access to the resources of, or membership in, particular international institutions and organizations. That is, what role should conditionality play? The orthodoxy endorses a rather strict form of conditionality, where the IMF declares that Russia or Ukraine must do x, y, and z, and only then will they gain access to its funds, or where the EU demands of Estonia that it be in full compliance with a broad array of EU norms and procedures before it becomes a member.

It is important to note, however, that other IIs practice a softer form of conditionality. In this context, the experience of the Council of Europe is worth considering. In granting full membership to states such as Ukraine and Russia, the Council was well aware of their poor record on human rights. Yet, it felt the best way to improve this record was "to bring them into the club, where we can use peer pressure and the force of example to socialize them into our way of doing things," as one Council official stated. Put differently, the argument is that membership matters. The Council points to several areas--a moratorium on further executions in Russia, for example--where such peer pressure has played an important role.

Obviously, there is a time and place for both forms of conditionality. We need only consider recent events in Chechnya to appreciate that a policy of peer pressure has limits. Yet, at the same time, one should not assume that hard conditionality along IMF lines is the only game in town--especially when a growing number of critics both outside and within the Fund are questioning it.

## **Conclusion**

This memo makes a plea for pluralism. When it comes to international institutions and their role in fostering change among states of the former Soviet Union, it is decidedly not "one size fits all." There are a bewildering array of IIs out there, seeking to promote different types of domestic change, through different mechanisms and logics, and enforcing differing degrees of conditionality. Before we assume they are irrelevant to the historic transformations underway in post-Soviet states, it behooves us to assess their impact along each dimension.