Russia, Pariah Statehood, and the Future of Global Economic Governance

In an international system that, for the most part, strives to create a rules-based system in which the rights of states and human rights are respected, there are states that defy those norms. These pariah states play an interesting role in the dynamics of international politics, especially in terms of their participation in international institutions, as they flout these rules in the pursuit of gains in areas, in which generally, they are prohibited from participating. From Iran and North Korea's pursuit of a nuclear arsenal in a time when nuclear non-proliferation is an accepted norm to Iraq's invasion of Kuwait, attaining the status of an international pariah can be caused by various factors. Most recently, Russia has reached pariah status through its invasion of Ukraine in February 2022. Russia's role as a major power in the international system and its international institutions has led to many being surprised by the strong rebuke the state has faced from the West and beyond. Sanction after sanction, seeking to cripple the Russian economy and its ability to wage war, have raised the question of Russia's right to participate in international institutions, especially those relating to global economic governance, as at least a significant portion of the international system has enacted sanctions against the Russian economy.[1] Questions have even been raised regarding Russia's willingness to continue their membership in these organizations.[2] Looking at cases in the recent past of pariah states, it can be seen that generally, their participation or nonparticipation in these institutions is varied. By finding themselves with a powerful pariah in their midst, international organizations such as the International Monetary Fund (IMF), World Trade Organization (WTO), and the World Bank must decide if they will allow Russia to continue to participate in the forums and programs that they have created. Looking at examples from around the globe, we can see that a meaningful future of Russia in global economic governance, appears to be quite bleak.

Through examining various cases of pariah states that are currently members (or non-members) of certain global economic governance institutions, this study examines what can be expected from the international system's newest pariah. While it is unlikely that the Russians will follow the exact same path and behavior of any one of its fellow pariahs, these cases demonstrate what exactly these institutions can expect from having such a powerful pariah in their midst.

Pariah States

When it comes to pariah states, reaching an exact definition can be quite complicated as there is a lively debate regarding what exactly is a pariah state. A pariah state can be defined as an outcast in the international system, however, deciding who constitutes as an outcast can be difficult to conclude, as some states that are considered pariahs to one state can be considered a viable and important international collaborator to another.[3] For example, while most Western states see North Korea as a pariah, China sees them as a regional partner.

Pariah statehood can be first identified following the Treaty of Westphalia, where in addition to establishing the basis of the modern international system, the idea of a pariah state was officially created. The treaty established the Ottoman Empire as a pariah through its specific designation as a non-Christian state, it therefore did not enjoy the rights afforded to Christian state within Europe.[4] Scholars such as Olawale Lawal suggest that pariah statehood can be defined "by virtue of their political systems, ideological postures, leadership or general behavior suffer from diplomatic isolation and widespread global moral opprobrium."[5] Generally, it is found that a pariah state has to some extent at least considerable democratic deficits, possesses weapons of mass destruction, acts as a state-sponsor of terror, or has a history of human rights violations.

Some scholars have included unrecognized states, such as Taiwan, Abkhazia, and Northern Cyprus within their accounts of states with pariah status.[6] However, this possible pariah status is not due to any untoward behavior specifically committed by the entity but due to the territorial claims made by a recognized member of the international system on the areas within the unrecognized state's control. Therefore, for the purposes of this study, the role of a selected seven states with United Nations (UN) membership that have been reached pariah status through violations of international norms on their part will be investigated: Afghanistan (under Taliban control), Cuba, Eritrea, Iran, North Korea, Russia, and Syria. All of these states are well known for human rights abuses with some of the worst track records in the world, some have possession of or utilized weapons of mass destruction (i.e. chemical or nuclear weapons), lack democratic legitimacy, and some have been involved in supporting or sponsoring terrorist networks (of these seven, four are designated as "State Sponsors of Terror" by the U.S. Department of State's Bureau of Counterterrorism).[7]

Pariah States in Global Economic Governance

Following the conclusion of the Second World War, the world's two leading economies, the United States and Britain, established a new global economic order in the image of their trade preference at Bretton Woods, New Hampshire. The Bretton Woods system was supported through the establishment of international institutions such as the IMF and the World Bank, along with the strengthening of the General Agreement on Tariffs and Trade (GATT), which in 1994 would be transitioned into the WTO. These organizations supported the liberal trade policies favored by the leading liberal democracies at the time and today perpetuate the free trade structure found in the global economy through their policies on trade barriers, loan programs, conditions set on these loans, among other liberal economic policies.

Essentially, these global economic governance institutions serve to keep states playing by "the rules" and help developing economies succeed in accordance with these rules. These rules generally refer to avoiding the ire of the US and its allies and coming into conflict with their interests, as well as supporting their preferred economic system. However, pariah states by definition flout these generally accepted rules of the international system in pursuit of their own interests.[8] What is seen is that in the rejection of the norms of the international system, pariah states are either refused membership in global economic institutions, isolated from the benefits of membership in these institutions if they have found themselves as members before becoming international pariahs, or even voluntarily leave these organizations and embrace their pariah status.

In Figure 1, one can see a selected list of current pariah states in the international system and their membership status in the three leading institutions in global economic governance (the IMF, the WTO, and the World Bank). This table demonstrates the myriad forms of participation that a pariah state may take in global economic governance.

Some find themselves completely isolated from these institutions (as is the case with North Korea), which can be attributed to its long-term pariah status and former partnership with the Soviet Union, which precluded them from joining these institutions at their conception.[9] While former communist states and allies of the Soviet Union adopted capitalist, free trade policies following the end of the Cold War, North Korea has remained a pariah and membership in any of these organizations seems highly unlikely. Others find themselves having membership in the IMF and the World Bank, but not in the WTO (or in the case of Cuba, the exact opposite, with membership in the WTO but not in the IMF or the World Bank). While others find themselves in all three institutions, however, they have had the benefits of membership suspended and expulsion or voluntary withdrawal currently being discussed.

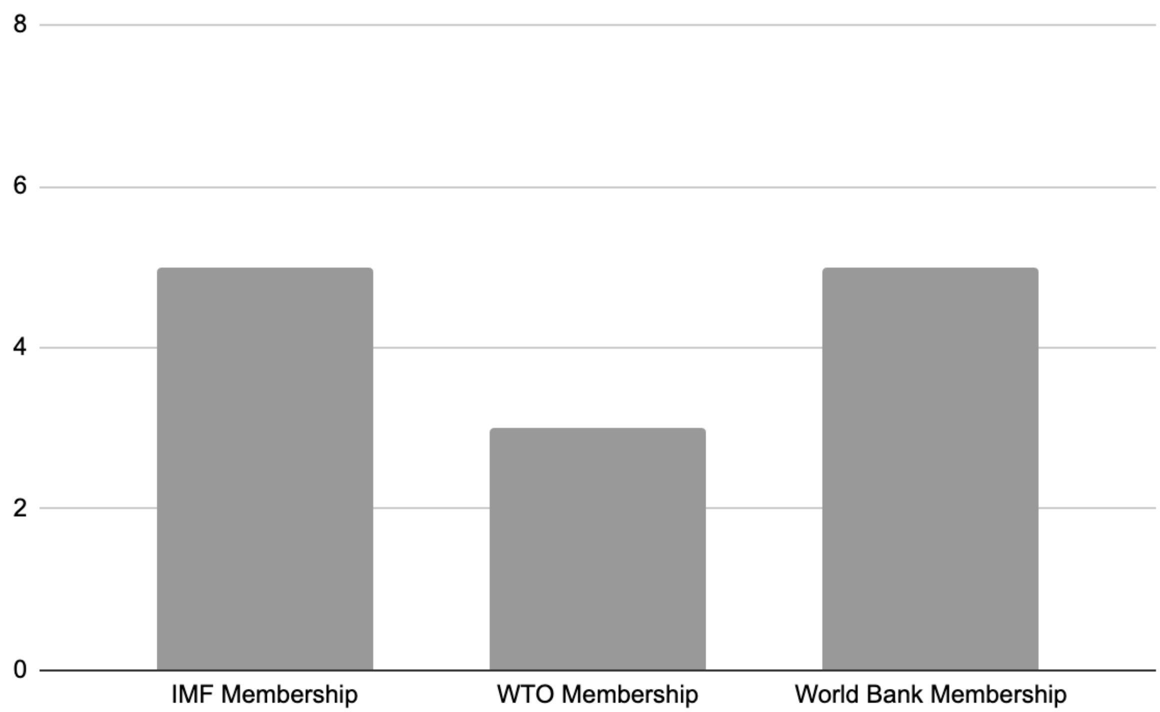
Figure 1. **Pariah State Membership in IMF, WTO, and World Bank**[10]

Pariah State (*Yes/No*)	IMF Member (*Yes/No*)	WTO Member (*Yes/No*)	World Bank Member (*Yes/No*)
Afghanistan (*under Taliban rule*)	Yes	Yes	Yes
Cuba	No	Yes	No
Eritrea	Yes	No	Yes
Iran	Yes	No	Yes
North Korea	No	No	No
Russia	Yes	Yes	Yes
Syria	Yes	No	Yes

In Figure 2, it can be seen that most frequently, pariah states have found themselves to be more likely to be members of the IMF, or World Bank, rather than the WTO. Frequently, these states have become members of these organizations before attaining pariah status. However, it is arguable that these states have remained members of these institutions that generally focus on assisting developing economies (a frequent, but not universal, feature of a pariah state).

Therefore, institutions such as the IMF have found themselves in a pole position to influence the behavior of pariah states, as the loans they provide to developing economies often come with stringent conditions in which the beneficiary of such a loan is obliged to follow.[11] Scholars such as Stephen Nelson and Geoffrey Wallace suggest that in fact, IMF lending actually results in a positive increase in democracy scores in recipient countries.[12]

Figure 2. Pariah State Membership in Global Economic Governance Institutions.[13]



It should be noted that despite reports that suggest a positive relationship between IMF loans and improved democratic conditions, there are numerous conditions, there are numerous scholars and critics who suggest that the opposite is true and that IMF loans entrench dictators in their seats of power. In fact, a marquee criticism of the IMF is that it has a history of supporting dictatorships with their loans. These dictatorships have ranged from anti-communist, US allies to even communist regimes.[14] Dictatorships such as those of Mobuto Sese Seko in Zaire and Nicolae Ceauşescu's Romania have benefited from IMF lending programs.[15]

These pariah states often become members of these institutions prior to becoming pariahs. For countries such as Syria, Eritrea, and Iran, admittance into these organizations came at a time before they had taken up practices that ostracized them from the majority of the international community or had a government come to power that is at odds with the general values of the leading members (particularly the U.S.). This is most evident in the case of Iran. Iran became a member of the IMF and the World Bank in 1945 at a time when it was a strong ally of the United States. Along with observer status to the GATT, Iran seemed on course for membership to the agreement in the 1970s, with oil prices rising and the need to have the petrostate among its ranks growing.[16] However, following the Islamic Revolution in 1978-79, Iran found itself filling the opposite role as a rival to the United States, especially after the hostage crisis at the U.S. Embassy in Tehran. Since then, the United States has successfully blocked Iran's repeated attempts to join the GATT/WTO over twenty times.[17] Most recently, the United States has used this veto of Iranian membership in the WTO due to attempting to use membership as a chip in a potential nuclear negotiations.[18]

Most frequently the debate on (especially regarding Iran) pariah's entering the WTO is that most often these states are heavily sanctioned. For a pariah state, membership in the WTO means that the effects of the sanctions can essentially be reversed.[19] Therefore, member-states sanctioning a pariah that is seeking WTO membership will find themselves with quite limited interest in granting such membership as their sanctions would be nullified. As discussed in the final section of this paper, the sanctions currently facing Russia correspond to their lack of interest in continuing membership in the WTO.

There are some cases of states finding themselves to be members of a global economic governance institution and essentially frozen out from participation. Unlike some cases where a pariah can survive within these institutions, some find themselves in a position where their actions are considered taboo enough that the benefits of membership are suspended. The most recent case is that of Afghanistan. With the fall of the US-backed and internationally recognized government led by Ashraf Ghani in 2021 and the restoration of Taliban rule in the country; the status of Afghanistan in international institutions has significantly been reduced, with most states not recognizing or interacting with the current Taliban government. With the Taliban's record of significant human rights abuses, particularly the repressive treatment of women, organizations such as the World Bank and the IMF have cut off the loan programs that were ongoing in the country.[20]

Finally, there are the cases of withdrawal from these institutions. While there are some pariah states that seek to circumvent their pariah status in the international system, there are those that accept or even embrace their pariah status. This is the case for Cuba. Although Cuba was one of the original members of the IMF and World Bank, as well as having a delegation present at the Bretton Woods conference, the fall of US-ally Fulgencio Bautista and the rise of Castro's communist government in 1959, led to a rejection of the US-led economic and financial institutions.[21] Under Castro's leadership, the island-state withdrew from the IMF and the World Bank in 1964.[22] While this acceptance of pariah status persisted for decades, mostly due to support received from the Soviet Union, Cuba joined the WTO in the mid-1990s and slowly the idea of rejoining the IMF and the World is becoming a growing possibility with the country's debts accumulating, along with the fall of Soviet support and changes in leadership.[23]

Russia's Place in the Future of Global Economic Governance

Looking to Cuba as an example of a state that has accepted its pariah status, we see a future in which Russia may make similar moves. Following their unprovoked invasion of Ukraine in February 2022, Russia has invoked the wrath of the West with unprecedented sanctions being leveled against a state that has quickly found itself in the position of the international system's newest pariah. Cut off from SWIFT, sanctions against its top leaders, increasing sanctions against its energy sector, discussions of withdrawing its most-favored-nation status, among other sanctions, Russia has found itself in a position where membership in the global economic governance institutions have little benefit.[24] Likewise, discussions of enhancing the punishments against Russia to include expulsion from these institutions abound in Western discourse.[25]

With regards to expulsion, the measures that can be taken within the institutions against Russian membership are limited. For the IMF, the measures that the institution can take are limited. As the Articles of the IMF do not state any sanctions against a member within the institutions for engaging in an armed conflict, Russia would have to be found guilty of violating one of the Articles to be expelled.[26] Experts suggest that if Russia was found guilty of, for instance, not providing the necessary economic data to the IMF and did not correct these mistakes, the members of the body could suspend Russia's voting power in the IMF with a 75 percent majority voting in favor.[27] In order to actually expel Russia, there would need to be an 85 percent majority in favor of expulsion.[28] While the severity of the condemnation of the Russian invasion of Ukraine is quite surprising, it appears unlikely that the 85 percent mark could be reached. Especially as the initial shock and abhorrence towards Russian actions begins to fade.

Regarding the WTO, the idea of expulsion is extremely limited institutionally. At the moment there is in fact, no procedure for kicking a member out of the institution. In order to do so, the WTO would need to not only agree to create such a procedure on how to expel a member by a ⅔ majority, but also would then have to further agree to expel Russia by a ¾ majority.[29] While maybe it is possible to find the majority needed for the former measure, it also appears unlikely that ¾ of the WTO's members would agree to expulsion. However, what is more likely is that the EU and the US could violate WTO rules by revoking Russia's most-favored-nation status.[30]

As for the World Bank, expulsion from this institution would at least, voting-wise, be the most likely of the three institutions. The World Bank has suspended all of its programs in Russia following the invasion of Crimea in 2013.[31] However, if the World Bank determined that Russia had violated any obligations it has under the World Bank's Article of Agreement, the body could vote to suspend Russia for one year with just a voting majority.[32] This suspension could then go into full effect just one year afterwards.[33]

A more likely scenario is that Russia could voluntarily leave these organizations, as Castro did, rather than the institutions somehow coming to a vote that decided to expel them. As these organizations generally lack the institutional means or popular will to formally expel Russia from their ranks, they do have the mechanism to make membership within the organizations pointless, harmful, or embarrassing through both symbolic measures (such as removing Russian representatives on board of directors) to the ceasing of loan programs and preferential trade policies.[34] Since the invasion and the ensuing sanctions, Russia has signaled its willingness to withdraw from the WTO as a legitimate option.[35] This falls in line with the frequency in which pariah states only participate in global economic institutions such as the IMF and the World Bank and Russian officials have yet to make any statements regarding discontinuing their membership in these organizations. In a reverse situation from Iran (who sought to nullify the effect of their sanctions by joining the GATT/WTO), Russia may decide to leave the organization as the sanctions levied against the country are making membership in the body increasingly irrelevant.[36] Such a decision could push the world into a new phase of international politics, one formerly dominated by a unipolar system, to one in which there are multiple power centers located around the world, with their own institutions and visions for the future of the international system.

Conclusion

Despite finding themselves often isolated in the international system due to their violation of international norms and rules, many pariah states do have a varying role in the world's global economic institutions. While some find themselves totally frozen out from the benefits of membership, others have found themselves beneficiaries of these institutions' programs. Others, such as Russia following their invasion of Ukraine, have found themselves so repulsed from the international community that withdrawal from these organizations seems increasingly likely.

Beyond their participation in these organizations, sanctions against certain Russian economic sectors have been enacted by Western states (such as Russia's diamond industry).[37] This has also come to include sanctions against individual Russian citizens and rebuttal sanctions from the Russian government against Western figures, increasing their economic and political isolation.

Arguably what such a withdrawal would spell for the international community could be a return to the positioning taken during the Cold War. Previously the IMF, WTO, and the World Bank were arenas in which the Soviet Union and its allies were forbidden entrance. If Russia withdraws and, for instance, Belarus has its WTO application rejected for its support of Russia, we could see a return to the international dynamics found during the Cold War and that these global economic governance institutions would no longer be domains in which the largest economies and the vast majority of the world's states are given the right to participate.

ENDNOTES

[1] "Tracking Sanctions Against Russia," Reuters (Thomson Reuters), accessed December 15, 2022, https://graphics.reuters.com/UKRAINE-CRISIS/SANCTIONS/byvrjenzmve/.

[2] Sarah Anne Aarup and Ashleigh Furlong, "Russia Takes First Steps to Withdraw from WTO, WHO," Politico (Politico, May 18, 2022), https://www.politico.eu/article/russia-takes-first-steps-to-withdraw-from-wto-who/.

[3] Thomas H. Henriksen, "The Rise and Decline of Rogue States." Journal of International Affairs 54, no. 2 (2001): 349–73. http://www.jstor.org/stable/24357735.

[4] Olawale Lawal, "Pariah State System and Enforcement Mechanism of International Law." Journal of Alternative Perspectives in the Social Sciences. no. 1 (2012): 226–241.

[5] Olawale Lawal, "Pariah State System and Enforcement Mechanism of International Law." Journal of Alternative Perspectives in the Social Sciences. no. 1 (2012): 226–241.

[6] Nina Caspersen, Unrecognized States: the Struggle for Sovereignty in the Modern International System (Oxford: Wiley, 2013).

[7] Jennifer Riggan, "Prison State, Pariah, and Proxy War: Human Rights Narratives and the Sovereignty Backlash in Eritrea." African Conflict and Peacebuilding Review 5, no. 2 (2015): 57–88. https://doi.org/10.2979/africonfpeacrevi.5.2.57.

"State Sponsors of Terrorism - United States Department of State," U.S. Department of State (U.S. Department of State, January 15, 2021), https://www.state.gov/state-sponsors-of-terrorism/.

[8] Olawale Lawal, "Pariah State System and Enforcement Mechanism of International Law." Journal of Alternative Perspectives in the Social Sciences. no. 1 (2012): 226–241.

[9] Robert F. Ogden and David A. Anderson. "US Foreign Policy toward North Korea: A Way Ahead." Strategic Studies Quarterly 2, no. 3 (2008): 72–119. http://www.jstor.org/stable/26267545.

[10] International Monetary Fund, "List of Members' Date of Entry," List of Members' Date of Entry, accessed December 10, 2022, https://www.imf.org/external/np/sec/memdir/memdate.htm.

World Bank, "Member Countries," World Bank Member Countries, accessed December 10, 2022, https://www.worldbank.org/en/about/leadership/members.

World Trade Organization, "WTO Members and Observers," WTO ¦ Members and Observers, accessed December 10, 2022, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm.

[11] Stephen C. Nelson and Geoffrey P.R. Wallace, "Are IMF Lending Programs Good or Bad for Democracy?". The Review of International Organizations. no 12 (2017): 523–558. 12 Ibid. 13 International Monetary Fund, “List of Members' Date of Entry,” List of Members' Date of Entry, accessed December 10, 2022, https://www.imf.org/external/np/sec/memdir/memdate.htm. World Bank, “Member Countries,” World Bank Member Countries, accessed December 10, 2022, https://www.worldbank.org/en/about/leadership/members.
World Trade Organization, “WTO Members and Observers,” WTO ¦ Members and Observers, accessed December 10, 2022, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm.
[12] Ibid.
[13] International Monetary Fund, “List of Members' Date of Entry,” List of Members' Date of Entry, accessed December 10, 2022, https://www.imf.org/external/np/sec/memdir/memdate.htm. World Bank, “Member Countries,” World Bank Member Countries, accessed December 10, 2022, https://www.worldbank.org/en/about/leadership/members.
World Trade Organization, “WTO Members and Observers,” WTO ¦ Members and Observers, accessed December 10, 2022, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm.
[14] Berhanu Nega and Geoff Schneider, “Things Fall Apart: Dictatorships, Development, and Democracy in Africa.” Journal of Economic Issues 46, no. 2 (2012): 371–81. http://www.jstor.org/stable/23265017.
[15] Ibid.
Randall W. Stone, “The Political Economy of IMF Lending in Africa.” The American Political Science Review 98, no. 4 (2004): 577–91. http://www.jstor.org/stable/4145326.
[16] Danial Arjomandy, “Iranian Membership in the World Trade Organization: An Unclear Future.” Iranian Studies 47, no. 6 (2014): 933–50. http://www.jstor.org/stable/24482988.
[17] Ibid.
[18] Ibid.
[19] Ibid.
[20] Beth Timmins, “IMF Suspends Afghanistan's Access to Funds,” BBC News (BBC, August 18, 2021), https://www.bbc.com/news/business-58263525.
[21] Nincic, Miroslav. “Foundations of Success and Failures: Libya, Cuba, and Syria.” In The Logic of Positive Engagement, 1st ed., 91–126. Cornell University Press, 2011. http://www.jstor.org/stable/10.7591/j.ctt7v74h.7.
[22] William M. LeoGrande, “Engaging Cuba: A Roadmap.” World Policy Journal 25, no. 4 (2008): 87–99. http://www.jstor.org/stable/40210125.
Nincic, Miroslav. “Foundations of Success and Failures: Libya, Cuba, and Syria.” In The Logic of Positive Engagement, 1st ed., 91–126. Cornell University Press, 2011. http://www.jstor.org/stable/10.7591/j.ctt7v74h.7.
[23] Marc Frank, “Analysis: Cuba Needs Deeper Economic Reform, Creditors Say,” Reuters (Thomson Reuters, January 27, 2021), https://www.reuters.com/article/us-cuba-economy-reform-idUSKBN29W1OF.
[24] “Tracking Sanctions Against Russia,” Reuters (Thomson Reuters), accessed June 7, 2022, https://graphics.reuters.com/UKRAINE-CRISIS/SANCTIONS/byvrjenzmve/.
[25] Andrea Shalal and David Lawder, “Explainer: Ousting Russia from WTO, IMF Would Mark End of an Era,” Reuters (Thomson Reuters, March 9, 2022),

https://www.reuters.com/markets/asia/ousting-russia-wto-imf-would-mark-end-an-era-2022-03-09/.

[26] Ibid.

[27] Ibid.

[28] Andrea Shalal and David Lawder, “Explainer: Ousting Russia from WTO, IMF Would Mark End of an Era,” Reuters (Thomson Reuters, March 9, 2022), https://www.reuters.com/markets/asia/ousting-russia-wto-imf-would-mark-end-an-era-2022-03-09/.

[29] Ibid.

[30] “Factbox: What Revoking Russia's 'Most Favoured Nation' Status Means,” Reuters (Thomson Reuters, March 11, 2022), https://www.reuters.com/world/what-revoking-russias-most-favoured-nation-status-means-2022-03-11/. [31] Ibid.

[31] “Factbox: What Revoking Russia's 'Most Favoured Nation' Status Means,” Reuters (Thomson Reuters, March 11, 2022), https://www.reuters.com/world/what-revoking-russias-most-favoured-nation-status-means-2022-03-11/.

[32] Ibid.

[33] Ibid.

[34] Sarah Anne Aarup and Ashleigh Furlong, “Russia Takes First Steps to Withdraw from WTO, WHO,” Politico (Politico, May 18, 2022), https://www.politico.eu/article/russia-takes-first-steps-to-withdraw-from-wto-who/.

[35] Sarah Anne Aarup and Ashleigh Furlong, “Russia Takes First Steps to Withdraw from WTO, WHO,” Politico (Politico, May 18, 2022), https://www.politico.eu/article/russia-takes-first-steps-to-withdraw-from-wto-who/.

[36] Danial Arjomandy, “Iranian Membership in the World Trade Organization: An Unclear Future.” Iranian Studies 47, no. 6 (2014): 933–50. http://www.jstor.org/stable/24482988.

[37] “What Are the Sanctions on Russia and Are They Hurting Its Economy?” BBC News, May 25, 2023. https://www.bbc.com/news/world-europe-60125659.