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Neo-Kantianism and Coercive Diplomacy: The Complex Case of Economic Sanctions

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Although voluminous research connects the neo-Kantian triad—democracy, economic interdependence, and intergovernmental organization membership—to amelioration of conflict processes, comparatively little is known about how these factors relate to economic coercion. We advance the relevant literature on neo-Kantianism and the determinants of sanction decisions by (1) analyzing the impact of all three neo-Kantian factors on economic coercion and (2) assessing the effects of these factors across both the onset of threat and imposition of sanctions. Results from the time-series, cross-national data analyses indicate a significant but complex connection between the neo-Kantian variables and sanctions. Specifically, we find that although democratic regimes are less likely to threaten each other with sanctions, once a threat is made, democracies are more likely to impose sanctions against each other. Economic interdependence and common IGO membership are likely to increase the probability of sanction threats. Yet, the results also suggest that common IGO membership decreases the probability of sanction imposition while economic interdependence has no statistically significant effect on the decision to impose sanctions. Overall, these results highlight the importance of a more nuanced study of sanction decisions for a better understanding of the factors that lead to sanction use.

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While neo-Kantianism occupies a central place in the contemporary study of conflict processes such as Militarized Interstate Disputes (MIDs), coercive diplomacy, most notably in the form of economic sanctions, seems conspicuous by its relative absence. The initial emphasis of neo-Kantianism on the high end of the violence spectrum comes as no surprise, and there has been a significant expansion of this line of research, radiating outward from war to other forms of conflict.[1] The purpose of this study is to examine the extent to which the neo-Kantian "triad" of factors—democracy, economic interdependence, and membership in intergovernmental organizations (hereafter IGOs)—affect the onset of threat and actual use of economic sanctions.

Although there are clear differences between economic and military coercion—the most obvious of which is the absence of direct physical violence in an economic sanction—those factors affecting the decision to use economic coercion closely resemble the decision to use force (Drury 2000, 2001). As a dispute escalates between two states, leaders select first the foreign policy options that are acceptable as determined by a number of domestic and international factors. In the initial stage of a dispute, before it becomes overly hostile, military coercion is a less appealing option than a more limited type of action. This is because escalating a dispute to military violence before attempting economic coercion could create an aggressive, negative reputation for that state. It might also result in considerable economic and political costs that overweigh the expected benefits from the use of force.[2] Hence, economic coercion is often considered a viable policy option before a dispute reaches that stage of tension at which military options could be considered acceptable (Lektzian and Sprecher 2007; Mintz 2002; Mintz, Geva, Redd, and Carnes 1997). Consequently, the differences between the use of force and economic coercion depend partly on whether one of these decisions is a more acceptable coercive option under the circumstances. In sum, states can be expected to use sanctions when that is the "best policy option for a given scenario," with optimality assessed "relative to the expected utility of other policy tools" (Lektzian and Souva 2012:335).

[1]For comprehensive reviews of the vast literature generated by neo-Kantianism, among others, see Chan (1997), Huth and Allee (2002), Ray (2000), Russett and Oneal (2001), Russett and Starr (2000), and Ungerer (2012). We use the term "neo-Kantianism" to encompass the literature associated with one or more components of the triad composed of democracy, interdependence, and membership in international organizations in relation to peace.

[2]This is not to say that economic sanctions cannot precede military action; they often do (Lektzian and Sprecher 2007). The point is that economic coercion is more politically palatable at earlier stages of a dispute—well before military coercion is an acceptable option.

Despite similarities between decisions to use sanctions and armed forces, scant research attention has been devoted to whether the neo-Kantian factors have any major impact on the likelihood of sanction events. A few studies have examined the possible impact of political regime type on the occurrence of sanctions. Focusing only on imposed sanctions (that is, excluding purely threats), Cox and Drury (2006), Goenner (2007), and Lektzian and Souva (2003) find some support for the assumption that democratic senders are less prone to imposing sanctions against democratic states. Hafner-Burton and Montgomery (2008), on the other hand, challenge the earlier findings: no economic peace seems to exist between democracies and the United States appears to be the only sender state that is less likely to deploy sanctions against democratic counterparts. In addition, the same study finds weak statistical evidence regarding the second leg of the Kantian triad: trade dependence of a sender on the target mildly reduces the likelihood of sanction imposition.

Our investigation revisits the findings from earlier studies and advances the research in two fundamental ways. First, we offer a full account of the connection between the neo-Kantian triad of democracy, economic interdependence, and membership in IGOs on the one hand and economic sanctions on the other. Earlier research either solely focused on democracy (Cox and Drury 2006; Goenner 2007; Lektzian and Souva 2003) or both democracy and interdependence (Hafner-Burton and Montgomery 2008), while overlooking the possible role that joint IGO membership between sender and target countries might have on the sanction decisions.

The second advancement we offer is to explore the effect of neo-Kantian variables on both the onset of *threat* and *imposition* of economic coercion. Because earlier studies only look at the onset of imposed sanctions, they (1) leave out the threat stage of imposed sanctions and (2) neglect the sanctions that ended at the threat stage. Existing studies, in light of the preceding observations, do not adequately assess the role that neo-Kantian variables might have on sanction decisions. To move beyond what has been accomplished so far, we use the Threat and Imposition of Sanctions (TIES) dataset (Morgan, Bapat, and Krustev 2009). The TIES includes sanction episodes that entail both threatened and imposed sanctions, which permits us to test hypotheses about each stage.

Sanction threats are an essential component of sanction decisions (for example, Drezner 2003; Drury and Li 2006; Lacy and Niou 2004; Morgan and Miers 1999; Nooruddin 2002; Smith 1996). Before levying sanctions, sender countries issue threats—either explicitly or implicitly—with the anticipation that the risk of economic punishment would be a credible signal to induce behavioral change from the targeted regimes. Sender countries also first opt for the threat of sanctions to avert the cost of the coercion on (1) economic interests and (2) relations with the target and third-party countries. Given

that the threat phase is a key component of economic coercion decisions, we argue that, if the neo-Kantian variables have any impact on sanction decisions, it is more likely to appear at the threat stage before the decision to implement sanctions.

The existing literature's limitations regarding the connection between the neo-Kantian variables and sanctioning behavior warrants a comprehensive look that analyzes the individual decision stages (that is, threat and imposition) leading to economic coercion. As mentioned above, some studies find that joint democracy decreases sanction use, while others argue that this effect only holds for the United States. Some of this disagreement in the literature is based on what sample of dyads to include, but if a true Kantian peace exists for economic coercion, it should be apparent regardless of sample or model design. A more nuanced analysis of sanctioning behavior offered by our study illuminates on this debate. The present research also contributes to understanding of coercive diplomacy through greater depth of investigation with regard to economic sanctions.

The remainder of the paper unfolds in four sections below. In the first section, the connection between neo-Kantianism and economic sanctions is explored. This section also spells out the hypotheses connecting the neo-Kantian triad—democracy, interdependence, and IGO membership—with economic sanctions. The second section discusses the limitations of the most commonly used data on economic sanctions (Hufbauer, Schott, Elliott, and Oegg 2008) and offers an improvement through use of an alternative data source. The same section also introduces the variables and the methodological approach of the study to test the hypotheses. In the third section, we analyze the connection between the neo-Kantian triad and the threat and imposition of sanctions between 1971 and 2000. Our findings suggest a connection between the neo-Kantian variables—democracy, trade, and common IGO membership—and sanctions, but the linkages are neither consistent across the two decision stages (threat and imposition) nor are they in line with the neo-Kantian logic. In the final section, the results are evaluated collectively, along with implications for future research.

NEO-KANTIANISM AND ECONOMIC COERCION

We connect neo-Kantian theory to the use of economic sanctions. Although the neo-Kantian argument about peace is quite extensive and nuanced, only those aspects that relate directly to deployment of economic coercion are discussed here. Each subsection includes hypotheses derived from the argument, and the model is expanded along the way to consider the generally reinforcing effects of the other components of the neo-Kantian triad.

Democracy and Sanction Decisions

Institutions and processes associated with democracy (for example, competitive elections, and checks and balances on political power) promote an "economic peace" between two democracies by encouraging political accountability and competition. Democratic institutions increase the transparency of the decision-making process and reveal the political incentives of leaders in a crisis. These institutions also reduce informational asymmetries between two countries and help to communicate the resolve of political leaders. The improved ability of democracies to communicate with each other would, in turn, increase the possibility of a peaceful solution to an issue under dispute in the initial phases of a conflict (Lektzian and Souva 2003).

Values and norms common to democracies are additional factors related to regime type that influence the decision to use sanctions (Cox and Drury 2006). Relatively close relations and common views normally shared between any given pair of democracies increases their likelihood of cooperation and therefore reduces their need to coerce one another. A prime example of these values is democratic rule itself. One democracy is not deemed likely to sanction another over democratic concerns, while sanctions to promote democratic freedoms in an autocracy are commonplace by comparison. Similarly, democracies commonly share beliefs on human rights—another factor that separates them from most autocracies. In fact, the TIES data (Morgan et al. 2009) show that 24% of all sanctions are used to promote democracy and human rights. The vast majority of these sanctions, more than 91%, have been levied by democratic regimes, but less than 18% are targeted at other democracies. Such shared values are likely to decrease the number of sanctions between two democracies.

Further, democratic leaders might also eschew sanctions against each other to avert the possible costly side effects from coercion on their tenure in office (Bolks and Al-Sowayel 2000; Cox and Drury 2006; Lektzian and Souva 2003). Aversion to sanctioning could ensue because a democratic country makes a poor target choice for sanctions. If a democratic regime faces foreign economic pressure (in this case, sanctions), its leaders are likely to resist external demands to avoid domestic political costs of compliance with the sanctioning state. Ultimately, a democratic regime is unlikely to opt for economic coercion against another democratic regime—particularly one with which it has shared values—expecting that the target regime will resist the coercion. Therefore, leaders in democratic sender countries should be less willing to resort to sanctions against a democracy to avoid the economic and domestic political costs of what would likely be a failed coercion attempt (Lektzian and Souva 2003).

We follow the logic described above and maintain that the suggested pacifying effect of regime type should exist at the threat stage as well as

the implementation stage of economic coercion. Because states often issue threats of sanctions before initiating them, if an economic peace between two democracies exists, it would likely be evident first in the threat stage of sanctions. Some sanction episodes simply end at the threat stage because the threat of economic punishments (1) induces behavioral change from the targeted regime or (2) fails but sender countries anticipate that the possible costs of the actual coercion would outweigh the intended benefits (for example, domestic political costs in a democracy). If coercion attempts fail at the threat stage and leaders choose to impose sanctions, the regime type and other factors might still be at play in the decision to levy sanctions.

Therefore, we hypothesize that:

H1: *Democracies are less likely to threaten and impose sanctions against other democracies.*

Economic Interdependence and Sanction Decisions

The second component of the neo-Kantian triad is economic interdependence. We argue that higher levels of economic interdependence will have different effects on the threat and imposition stages of economic coercion. Neo-Kantian research generally reveals that democracies tend to trade more with one another (Bliss and Russett 1988). Those significant trade ties create more economic interdependence, which in turn produces a pacific effect in jointly democratic dyads. High levels of trade significantly raise the *costs* associated with that coercion, if it does occur (Russett and Starr 2000:117). In other words, both the *sensitivity* and *vulnerability* components of interdependence, as explained effectively by Keohane and Nye (1977), come into play especially when sanctions are imposed. Specifically, cutting off or lowering trade to another country undermines the sender's wealth by reducing (at least temporarily) its exports or increasing the cost of its imports. These actions also open the market in the sanctioned good to firms based in other states, including those that might be salient in terms of relative gains. As a consequence, even after a sanction is lifted, the sender's firms will likely have to fight to regain their share of the market for that good.[3] Thus, stronger trade ties between the sender and target should reduce the likelihood of the imposition of sanctions.

However, we maintain that the same costs that might dissuade a country from imposing sanctions also can make threatening those sanctions more attractive. If a potential sender possesses significant economic leverage over a potential target, then the threat of a sanction poses greater possible costs to the target, making the threat more effective (Schwebach 2000). Unlike

[3]For such reasons, it is common for democracies to direct economic incentives toward one another rather than negative sanctions (Drezner 2000; see also Davidson and Shambaugh 2000).

an imposed sanction that directly limits the economic exchange between the two states involved, a threat might discourage investors, but it does not inhibit the flow of economic goods and services. Threats do not incur (immediate and direct) economic costs, so we do not expect the neo-Kantian logic to apply. Therefore, although we expect that sender countries are less likely to carry out actual sanctions against their strong trade partners, they would still consider the threat of sanctions as a way to extract concessions from their counterparts. Threatening sanctions creates a relatively low economic cost, and high levels of economic exchange make the threat of sanction more intimidating.

Thus, we first hypothesize that:

H2: *Economic interdependence increases the possibility of more sanction threats between two interdependent countries.*

However, if the sanction threats fail and leaders opt for the implementation of the sanctions, we expect that:

H3: *Economic interdependence reduces the likelihood of imposed sanctions.*

Common IGO Membership and Sanction Decisions

The third leg of the neo-Kantian triad is common IGO membership. IGOs serve members as arenas for bargaining and negotiation that facilitate communication and information exchange in a relatively neutral environment. Because member countries effectively communicate and exchange information through IGOs, they are likely to resolve their disputes through negotiation before opting for coercive diplomacy (Russett and Oneal 2001). In spite of their reputation as "weak and ineffectual, especially on matters that critically affect states' security interests," IGOs should be able to facilitate negotiation and management of problems that otherwise might find their way into more direct expression of coercion. This is true especially because issues for which sanctions are used often do not relate directly to a state's survival (Russett and Starr 2000:120).

IGOs provide a forum for dispute resolution. Thus, we expect that common IGO membership should dampen the likelihood that a state will use sanctions. Prior to the point at which sanctions are threatened—and certainly before they are imposed—common IGO membership should provide ample opportunities for two disputing states to negotiate some sort of settlement before escalating to economic coercion. Organizations such as the International Atomic Energy Agency (IAEA) provide information, verification, and a central information source for states. The IAEA, for example, lowers monitoring and verification costs to countries, which reduces the

likelihood of coercion. IGOs do not remove the perceived need for coercion, but they do reduce that disposition by increasing the flow of information and negotiation.

IGO membership should, therefore, reduce sanction threats. If a threat is made, however, it should have an even greater effect because the dispute will have escalated and increased the need for negotiation—an area at which IGOs should excel. Therefore, we expect that:

H4: *Common IGO membership reduces the likelihood that states threaten each other with sanctions.*

H5: *The common IGO membership effect will be more evident at the imposition stage.*

RESEARCH DESIGN

To test the hypotheses formulated above, we use time-series cross-section data. The time-series component of the data is for the 1971–2000 period, while the cross-section component is represented by directed dyads.[4] For instance, the United States–China pair counts as one dyad, while the China–United States is another dyad. The use of directed dyadic data allows us to control for characteristics of both potential sender and target countries so that we can fully account for strategic interaction between any pair of countries.[5]

Outcome Variables: Threatened and Imposed Sanctions

Previous research about the impact of the neo-Kantian factors on sanction decisions has used the data gathered by Hufbauer et al. (2007). While these data have many advantages, one major limitation of the dataset is the lack of information for the sanction episodes involving a threat stage. It is therefore problematic to use the Hufbauer et al. dataset to study thoroughly the sanction events that might involve the threat of sanctions before the actual imposition. To address this major shortcoming of the earlier quantitative research, we use the data from the TIES dataset (Morgan et al. 2009).

[4]Though a directed dyad data array could potentially violate the independent observations assumption, the observations are directional and therefore capture different information. Further, directed dyad data is well accepted in the quantitative international relations literature as the means to determine the direction of relations between two states.

[5]We follow the relevant sanction literature (Cox and Drury 2006; Hafner-Burton and Montgomery 2008) here and label the first country in the dyad as the potential sender and the second country in the dyad as the potential target. Thus, although it is not determined until the sanctions are actually threatened, *Sender Dependency*, *Sender Regime*, etc. refer to the first country in the dyad.

The TIES dataset offers the coverage of sanction episodes involving both the threatened and imposed sanctions.

Our first outcome variable, *Sanction Threat*, is coded 1 for the first year in which the sender issues a threat to sanction the target; it is coded 0 otherwise.[6] The *Sanction Imposition* variable is coded 1 for the first year a sanction is imposed by the sender and 0 otherwise. Because of the dyadic format of the data, we can only include the sanction episodes where specific countries are indicated as the sender and the target. In some sanction cases, multiple countries impose economic coercion against a target under the auspices of an international organization. Fortunately, the TIES dataset often identifies the country (primary sender) that initiates or leads the IO-led sanction efforts. In those cases where a primary sender exists, we consider that country as the sender.

We imposed one major restriction on the data. The TIES dataset includes several environmental policy and minor economic/trade dispute cases that are not included in the Hufbauer et al. dataset. We exclude those minor sanction incidents from the analysis using the TIES *Issue* variable. Specifically, we dropped issues 12 (environmental practices), 14 (trade reforms), and 15 (other category). We remove these cases because sanctions aimed at environmental issues and minor economic/trade disputes are qualitatively different from those with political goals such as human rights improvements, regime reform, or nuclear proliferation. Environmental policy sanctions tend to be very low salience for both the sender and target; also, the economic severity of these sanctions is subsequently low. As such, they are not affected by the same political concerns as political-issue sanctions. Economic/trade dispute sanctions, on the other hand, are driven not by traditional sender-target interactions, but more by the domestic economy of the sender (see especially Drury 2005).[7] The threat to raise tariffs during trade negotiations is different than restricting trade, aid, or financial instruments to coerce another state to engage in democratic reforms, for example. Thus, by maintaining consistency with the previous research that focused on traditional sanction regimes, we are able show that those nontraditional sanction cases do not drive the results. Based on these coding decisions, overall the data analysis includes 454 sanction threats for the 1971–2000 period. Sixty-three percent

[6]In years where more than one threat was made (less than 3% of the cases), we dropped the less severe threat from the data with two exceptions. There were two cases when a second threat was made in the last 45 days of a year; for those two cases, we coded that threat for the following year.

[7]Following Cox and Drury (2006), we also run additional models restricting the analysis to a subset of dyads (please refer to the appendix). Cox and Drury (2006) suggest that the global model might produce inaccurate statistical estimates since it is unlikely to observe sanction events between a pair of countries with very limited economic ties and interactions. Quackenbush (2006) makes a similar argument in his development of "politically active dyads" and the study of conflict. We choose to use the more restrictive politically active dyads rather than Cox and Drury's (2006) requirement that autarky cannot exist within the dyad. We find no major difference in our main findings when we estimate the models with the partial sample of the politically active dyads (see the online appendix).

of the threats resulted in the sender imposing sanctions, creating a total of 287 sanctions.

Regime Type, Economic Ties, and Common IGO Membership

To assess the possible role that political regime type plays in the threat and imposition of sanctions, we first created a dichotomous regime type variable for both members of a dyad. Each country's democracy score is determined by the Polity 2 score derived from the Polity IV dataset (Marshall and Jaggers 2000) and ranges from −10 to 10, where 10 represents the highest level of democracy. The dichotomous regime variable is coded 1 if a country's Polity 2 score is greater than 6, and 0 otherwise. Once we determined the regime for dyad members, we created the *Democratic Dyad* variable, which is a dichotomous measure coded 1 for dyads in which both members are democratic and 0 otherwise. We also include the lower order terms of the democratic dyad variable, *Sender Regime* and *Target Regime,* in the model (Murdie and Peksen 2013). Democracies in general might more often resort to economic coercion than autocracies. This effect is in part because democracies tend to have greater respect for human rights and political freedoms and might therefore be more concerned about humanitarian crises in the target (Cox and Drury 2006). It is also in part because, due to their developed economies, democratic polities are often major military or economic powers, which might enable them to use their economic leverage more frequently and effectively to deal with foreign crises.

To assess the impact of trade interdependence on the penchant of states to threaten and use sanctions, we include the *Interdependence* variable. This variable is constructed following the practice in the literature (Russett and Oneal 2001; Russet, Oneal, and Davis 1998) and is based on the state with the lower trade dependence score in a dyad. We measure the dependency of each state by dividing total trade (imports plus exports) in the dyad by the state's (either sender or target, respectively) GDP. This standard measure of trade dependence assesses how much of a state's economy relies on trade with the other state in the dyad. We include the lower dependence score in a dyad since the state with less economic constraints might have a greater impact on the likelihood of economic sanctions. The less dependent state will have more freedom to levy sanctions since the use of economic coercion is less costly for its economy.

In addition to the interdependence variable discussed in the preceding paragraph, we expand the analysis by running additional models that control for the trade *dependency* scores for both the sender and the target in a dyad. In these additional models, the variables *Sender Dependency* and *Target Dependency* tap the dependency of each state by dividing total trade (imports plus exports) in the dyad by the state's (either sender or target,

respectively) GDP.[8] We run these additional models to explore whether sanctions become more or less likely in a dyad when the sender or target is *more* dependent on the other. Note that most dyads are asymmetrically interdependent, that is, one dyad member is *more* dependent on the other dyad member. Therefore, the addition of the dependence scores for both target and sender countries allows us to compare what happens when a target or a sender is more or less dependent on its counterpart. The data for trade and GDP are from Gleditsch (2002).

We also include the total number of IGO memberships that both states share. We then take the natural log of this variable to account for the curvilinear nature of the memberships—as two states share more IGO memberships, the effect of each new membership is diminished. This variable, *IGO Memberships*, measures the extent to which the third neo-Kantian argument reduces the likelihood that the two states will coerce each other economically.

Control Variables

To avert the omitted variable bias, the model also controls for the other major covariates of sanction onset. The *Capability Ratio* variable, which is simply the ratio of the Composite Indicator of National Capability Index (CINC) scores between the two countries of a dyad, accounts for the possible effect that relative capabilities of the dyad's members might have on the likelihood of sanctions. The CINC score includes total population, urban population, iron and steel production, energy consumption, military personnel, and military expenditure (Singer 1987). It is likely that states with greater power are more likely to opt for economic coercion against weaker counterparts. This effect is in part because they can afford to engage in sanctioning. It is also because wealthier, more powerful states might expect that poor economic targets might be more vulnerable to foreign economic pressures.

Joint alliance membership for the sender and target is expected to inhibit sanction use. The *Alliance* variable controls for whether the dyad members were in alliance together. These data are also gathered using the EUGene software (Bennett and Stam 2000). If the two countries have strong enough relations to join a mutual alliance, then sanction-type disputes should be less likely. Furthermore, the alliance structure itself may provide a positive setting for communication and resolution that reduces the probability that a dispute would escalate to economic coercion. Although there is certainly overlap between alliance membership and prior relations within the dyad, important

[8]Alternatively, we also operationalized economic interdependence by the total trade as a percentage of the combined GDP of the dyad countries. We found no significant difference in the models using this alternative measure (see the online appendix).

differences exist between the two concepts. Joint alliance membership does not mean cordial prior relations between the two states. Greece and Turkey share a membership in NATO but have a rather antagonistic relationship. Their membership in NATO stems from a military alliance against a common foe, not a sign of mutual appreciation. Similarly, states may be on very friendly terms with one another and not happen to share an alliance. Thus, mutual alliance membership between the sender and target appears as a control variable within the model, although it might be regarded as at least a distant relation to membership in international organizations within neo-Kantianism from the standpoint of fostering communication and symbolizing trust.

We also control for sanctions initiated by the United States to make sure that our results are not driven by the United States' sanctioning decision process. The United States has been the leading sanctioning country due to its longstanding global economic and military dominance. The United States is a dummy variable coded 1 for the sanctions imposed by the United States and 0 otherwise. To retest the earlier argument that the United States is the only sanctioning democracy that is more likely to target nondemocratic regimes (Hafner-Burton and Montgomery 2008), we also run models with an interaction term, *US*TargetRegime*, between the United States and the democracy score of target countries. The suggested relationship between democracy and sanction onset could be biased because of the United States since it has been actively involved in the international promotion of democracy more than any other state.

Finally, we include the *Military Conflict* dichotomous variable to explore whether a pair of countries involved in a militarized interstate conflict is more or less likely to use sanctions against one another. This variable is coded one for the years that the dyad countries are engaged in military disputes against one another and zero otherwise. This variable is from the COW dataset (Ghosn, Palmer, and Bremer 2004).[9]

Methodological Approach

Before we turn to the analysis, we need to discuss our methodological approach. The decision to use sanctions normally involves two stages.[10] First, the sender threatens the target with a sanction and then imposes sanctions

[9]To check the robustness of the findings to the inclusion of other potentially important covariates of sanction onset, we ran additional models controlling for GDP per capita for sender and target countries, the geographic proximity between a pair of countries, and a Cold War dummy variable to account for any major change in the sanction decisions during and after the Cold War. In the models containing these variables, there was no change in the main findings reported below. Further, diagnostic tests showed that there was no issue with multicollinearity in any of the estimations.

[10]As discussed in detail below, we add the "normally" qualification because overt threats do not always precede sanction imposition.

if it chooses. To fully capture the process of sanctioning, it is imperative to use a two-stage econometric model that accounts for the selection process between the threat and imposition stages. To do so, we employ a dynamic Heckman selection model (Heckman 1976, 1979). In the first stage, we analyze the data for all dyads in which the threat of sanction might occur. In the second stage (outcome equation), we used the selected sample to estimate the onset of imposed sanctions. Since the dependent variable that we use in the second stage is dichotomous, we use Heckman probit selection model, which allows us to run a probit estimator in both stages.

The rho coefficients for the test of independence reported in the tables below are insignificant or significant only at .10. This indicates a weak possibility that the errors in the selection and outcome equations are correlated. Since the test is statistically insignificant in some models, we also analyzed the data with individual logit models for the threat and imposition stages. Individual logit models also help us check the robustness of the findings to the choice of estimator (probit selection model) in the main analysis.

There are cases in which there is not an overt sanction threat prior to the deployment of actual sanctions. Instead, in 81 cases, the sender imposed sanctions without making a public threat to the target. This creates a difficulty for a selection model when cases exist that should appear in the second stage (imposition) but do not appear in the first stage (threat). Conceptually, we assert that even in the cases where the sender imposed sanctions without a public threat, an implied or private threat existed. For example, when Iraq under Saddam Hussein's rule invaded Kuwait, it violated the well-held norm of sovereignty and had to expect a response from the international community. Saddam Hussein may not have judged exactly what the response would be, but such a revisionist action surely had to be expected to garner some response. Therefore, we run two different analyses. The first includes all sanctions—those with public threats and those without. In this analysis, we assume an implicit or private threat. To ensure this assumption is not biasing our results, we also run the analysis with only those sanctions preceded by a public threat.

To address temporal dependence in the models, we follow the approach of Carter and Signorino (2010) and model time (that is, number of years since the last threat of sanctions), time squared, and time cubed. Our results are consistent when we follow Beck, Katz, and Tucker's (1998) approach and add a variable counting the number of years since the last sanction onset, as well as fit three cubic splines to account for time dependence. Finally, the Huber/White sandwich estimator of variance clustered on dyad code is included in each model in order to obtain robust standard errors, which assumes nonindependence within clusters. These robust standard errors compensate for error dependence within dyads that could upwardly bias significant levels of the independent variables.

DATA ANALYSIS AND DISCUSSION

In Table 1, we report the results from the Heckman selection-corrected models. In the first four columns, we report the models containing sanctions that involve both overt and implied threats. In the last four columns, we show the models that include only those sanctions that were preceded by an overt threat. In the models for the threat stage of sanctions (models 1, 3, 5, and 7), we find strong support for the hypothesis that democracies are unlikely to issue threats of sanctions against each other. Further, in all of the models for the threat stage, the interaction term between the U.S. dummy and the target regime variable is insignificant, thus revealing no support for the earlier argument (Hafner-Burton and Montgomery 2008) that U.S. sanctions drive the results for the suggested impact of regime type.

In the threat stage of the Heckman models in Table 1, the findings for the IGO membership variable produce no support for our hypothesis and instead reveal contradictory evidence. Specifically, we find that the greater number of common IGO memberships, the more likely one state will threaten another with sanctions. While more detailed research—outside the scope of this paper—is needed to carefully assess this effect, this relationship could occur in part because the forum that IGOs provide may be used by states to threaten each other as part of a negotiation process. Thus, negotiations do not limit sanction threats because the threats are part of the negotiation process.

The empirical evidence reported in the first and fifth models in Table 1 also supports the hypothesis that sanction threats are more likely to occur in the dyads where the countries are economically interdependent on one another. Instead of deterring sanction threats, interdependence seems to make them more likely. As we hypothesized above, sanctions become a more attractive policy option for states the more those states engage in trade. When we control for the trade dependency of target and sender countries on each other in the third and seventh models (*Sender Dependency* and *Target Dependency*), the threat of sanctions becomes more likely when the sender is dependent on the target as well as when the target becomes more dependent on the sender. Taken together, these results highlight the importance that trade has on sanctioning behavior, and how the relationship between trade and sanctions is qualitatively different from the effect trade has on conflict behavior. Because sanctions are economic, trade is both a means and a cost to both the sender and target. It seems clear that states are more influenced by the ability to sanction than the potential cost they may incur on their economies.

We now turn to the question of what happens after the sender threatens the target with sanctions. In the models containing sanction imposition (models 2, 4, 6, and 8), we find that once democracies threaten each other

TABLE 1 Economic Sanctions and Neo-Kantianism (Probit Selection Models)

	Overt and Implied Threats				Overt Threats			
	Threat Model 1	Imposition Model 2	Threat Model 3	Imposition Model 4	Threat Model 5	Imposition Model 6	Threat Model 7	Imposition Model 8
Joint Democracy	−0.429***	1.195***	−0.426***	1.263***	−0.533***	1.028***	−0.532***	1.092***
	(0.072)	(0.299)	(0.071)	(0.306)	(0.079)	(0.300)	(0.079)	(0.309)
IGO Membership	0.350***	−0.746***	0.353***	−0.784***	0.402***	−0.769***	0.406***	−0.811***
	(0.077)	(0.199)	(0.076)	(0.205)	(0.086)	(0.217)	(0.085)	(0.226)
Interdependence	7.823***	4.854			7.293***	7.668		
	(1.968)	(11.590)			(1.999)	(11.577)		
Sender Dependency			2.343***	−13.258**			2.484***	−9.491*
			(0.438)	(6.236)			(0.455)	(5.578)
Target Dependency			1.630***	0.786			1.721***	1.262
			(0.384)	(1.289)			(0.380)	(1.707)
U.S. Sender	1.315***	−1.483***	1.269***	−1.494***	1.269***	−1.460***	1.219***	−1.472***
	(0.073)	(0.216)	(0.076)	(0.198)	(0.076)	(0.199)	(0.079)	(0.200)
Sender Regime	0.014***	−0.002	0.014***	0.001	0.019***	0.004	0.019***	0.008
	(0.003)	(0.011)	(0.003)	(0.011)	(0.003)	(0.016)	(0.003)	(0.018)
Target Regime	0.011***	−0.059***	0.010***	−0.054***	0.009***	−0.062***	0.009***	−0.060***
	(0.002)	(0.017)	(0.003)	(0.016)	(0.003)	(0.023)	(0.003)	(0.022)
U.S. * Target Regime	−0.004	−0.004	−0.006	−0.010	−0.0009	0.002	−0.002	−0.004
	(0.007)	(0.018)	(0.007)	(0.018)	(0.007)	(0.019)	(0.007)	(0.020)
Alliance	0.022	0.022	0.010	0.067	0.043	0.082	0.029	0.117
	(0.061)	(0.168)	(0.062)	(0.174)	(0.065)	(0.197)	(0.065)	(0.209)
Capability Ratio	−0.007	0.047*	−0.006	0.027	−0.006	0.031	−0.004	0.015
	(0.008)	(0.027)	(0.008)	(0.028)	(0.009)	(0.026)	(0.009)	(0.027)
Military Conflict	0.792***	−1.365***	0.797***	−1.372***	0.823***	−1.450***	0.829***	−1.468***
	(0.141)	(0.385)	(0.140)	(0.390)	(0.145)	(0.462)	(0.144)	(0.474)
Threat Years	0.031**		0.030**		0.036**		0.034**	
	(0.013)		(0.013)		(0.016)		(0.016)	
Threat Years Squared	−0.005***		−0.005***		−0.004***		−0.004***	
	(0.001)		(0.001)		(0.001)		(0.001)	

(*Continued*)

TABLE 1 (Continued)

	Overt and Implied Threats				Overt Threats			
	Threat Model 1	Imposition Model 2	Threat Model 3	Imposition Model 4	Threat Model 5	Imposition Model 6	Threat Model 7	Imposition Model 8
Threat Years Cubed	0.0001***		0.0001***		0.00009***		0.00009***	
	(0.00002)		(0.00002)		(0.00002)		(0.00002)	
Constant	−4.291***	5.349***	−4.302***	5.461***	−4.579***	5.350***	−4.587***	5.394***
	(0.230)	(0.489)	(0.230)	(0.507)	(0.262)	(0.596)	(0.261)	(0.700)
N (total) (selected)	653,982	438	653,982	438	653,982	362	653,982	362
Rho	−0.726*		−0.708*		−0.742		−0.705	
	(0.240)		(0.241)		(0.295)		(0.334)	

Note. Robust standard errors clustered by dyad-year appear in parentheses.
***$p \leq .01$, **$p \leq .05$, *$p \leq .1$.

with sanctions, they are significantly more likely to impose those sanctions. Thus, there is not a simple democratic peace for economic sanctions. Instead, there is a *peace from sanction threats*. Once a threat of economic coercion exists between two democracies, the pacifying effect of democracy evaporates and even reverses such that democratic dyads are more likely to impose sanctions than nondemocratic pairs. The findings clearly indicate that to understand how democracy influences the use of sanctions, one must consider the different stages through which sanctions are first threatened and then imposed.

This difference points toward the likely importance that credible commitments play in bargaining (Fearon 1994, 1998; Schelling 1960). Failure to carry through on a threat made between democracies carries greater potential costs for democratic leaders at home (for example, an increase in public disapproval and loss of domestic political support) than the leaders in a mixed or purely autocratic dyad. The imposition of sanctions might be more likely between two democracies also because the use of sanctions could help democracies avoid military conflicts. That is, economic coercion might be a substitute for the use of force when two democracies involve in a foreign policy crisis.

Table 1 shows support for the neo-Kantian hypothesis that common IGO memberships will dampen the probability of sanction imposition. Thus, it seems that the negotiation forums provided by IGOs may not reduce sanction threats, but they do significantly reduce actual sanctions. In the imposition stages of the Heckman models in Table 1 (models 2 and 6), we find no support for the argument that the overall economic interdependence between sender and target countries increases the likelihood of economic coercion. However, in the models where we control for the sender and target dependency variables (models 4 and 8), the results suggest that greater dependency of the sender on the target will limit the imposition of sanctions. Further, the insignificant results for the target dependency variable suggest that the extent of the target's economic dependence on the sender has no significant influence on the sender's decision to impose sanctions. Thus, greater interdependence increases the probability of a sanction threat, but higher levels of trade dependency for the sender decrease the chances that it will follow through on the threat and impose sanctions.

In Table 2, we report the individual logit models to check the robustness of the results shown in Table 1. In the first and third columns, we report the models containing sanctions that involve both overt and implied threats. In the fifth and seventh columns, we report the models that include only those sanctions preceded by a public threat. To be consistent with the selection-corrected models in Table 1, in the imposition models (columns 2, 4, 6, and 8) we include only those cases in which an overt and/or implied threat was made, so the sample becomes a cross-section of sanction threats

TABLE 2 Economic Sanctions and Neo-Kantianism (Individual Logit Models)

	Overt and Implied Threats				Overt Threats			
	Threat Model 1	Imposition Model 2	Threat Model 3	Imposition Model 4	Threat Model 5	Imposition Model 6	Threat Model 7	Imposition Model 8
Joint Democracy	−1.285***	2.045***	−1.272***	2.164***	−1.594***	1.589***	−1.582***	1.717***
	(0.212)	(0.564)	(0.211)	(0.537)	(0.232)	(0.634)	(0.233)	(0.617)
IGO Membership	1.265***	−1.391***	1.281***	−1.482***	1.438***	−1.334***	1.453***	−1.422***
	(0.255)	(0.328)	(0.254)	(0.330)	(0.286)	(0.315)	(0.284)	(0.321)
Interdependence	19.723***	17.488			19.141***	22.005		
	(4.483)	(24.507)			(4.832)	(24.589)		
Sender Dependency			6.111***	−25.327***			6.465***	−18.144**
			(0.944)	(10.286)			(0.972)	(9.400)
Target Dependency			3.193***	3.585*			3.532***	4.924**
			(0.805)	(2.103)			(0.837)	(2.230)
U.S. Sender	3.800***	−1.243***	3.698***	−1.341***	3.687***	−1.321***	3.567***	−1.454***
	(0.226)	(0.336)	(0.235)	(0.324)	(0.244)	(0.368)	(0.252)	(0.361)
Sender Regime	0.044***	0.015	0.044***	0.022	0.060***	0.042*	0.060***	0.048*
	(0.009)	(0.024)	(0.009)	(0.023)	(0.011)	(0.025)	(0.010)	(0.025)
Target Regime	0.031***	−0.114***	0.030***	−0.104***	0.024**	−0.130***	0.023**	−0.122***
	(0.009)	(0.024)	(0.009)	(0.024)	(0.011)	(0.029)	(0.011)	(0.029)
U.S. * Target Regime	−0.015	−0.012	−0.017	−0.027	−0.004	0.003	−0.006	−0.013
	(0.018)	(0.041)	(0.018)	(0.039)	(0.019)	(0.047)	(0.019)	(0.046)
Alliance	−0.015	0.142	−0.045	0.229	0.052	0.337	0.015	0.379
	(0.180)	(0.364)	(0.181)	(0.370)	(0.192)	(0.396)	(0.194)	(0.401)

Capability Ratio	−0.038	0.076	−0.034	0.032	−0.028	0.041	−0.024	0.005
	(0.028)	(0.056)	(0.027)	(0.059)	(0.033)	(0.056)	(0.032)	(0.057)
Military Conflict	1.611***	−2.097**	1.649***	−2.062**	1.757***	−2.372**	1.803***	−2.340**
	(0.484)	(0.942)	(0.481)	(0.940)	(0.484)	(1.123)	(0.482)	(1.143)
Threat Years	0.092**		0.093**		0.100*		0.103**	
	(0.042)		(0.042)		(0.053)		(0.054)	
Threat Years Squared	−0.0142***		−0.014***		−0.013***		−0.013***	
	(0.004)		(0.004)		(0.004)		(0.004)	
Threat Years Cubed	0.0003***		0.0003***		0.0003***		0.0003***	
	(0.00008)		(0.00008)		(0.00009)		(0.00009)	
Constant	−11.259***	5.392***	−11.310***	5.775***	−12.214***	4.784***	−12.268***	5.138***
	(0.777)	(1.085)	(0.774)	(1.098)	(0.880)	(1.048)	(0.876)	(1.073)
N	653,982	438	653,982	438	653,982	362	653,982	362

Note. Robust standard errors clustered by dyad-year appear in parentheses.
***$p \leq .01$, **$p \leq .05$, *$p \leq .1$.

rather than a time-series. Thus, sanctions threats that were never imposed are coded as 0 while those threats that became actual sanctions are coded as 1. The results further confirm our earlier findings and show the rather dramatic differences for the neo-Kantian argument in the threat and imposition stages of economic coercion. One major difference in the results between Tables 1 and 2 is the target dependence variable (models 3 and 7) is statistically significant, indicating that more target dependence on the sender increases the likelihood of sanction imposition. This finding, however, appears not to be robust since the target dependence variable is not statistically significant in Table 1.

How large is the impact of the neo-Kantian variables on the threat and imposition of sanctions? To estimate substantive impact, we examine the extent of change in predicted probability of sanction onset once we increase the average value of the statistically significant neo-Kantian variables by one standard deviation or change from 0 to 1, while holding the other variables at their median in the first two models in Table 2.[11] Comparing democratic dyads to nondemocratic dyads, the model estimates that democracies are more than twice as likely not to threaten each other (for example, a democracy has only a 0.02% probability of threatening another democracy; that probability rises 2.5 times when a democracy is facing a nondemocracy). The model predicts a 29% increase in the probability that the sender will impose sanctions after a threat in a democratic dyad relative to a nondemocratic dyad (from 0.69 to 0.89).

According to Figure 1, we find that the predicted probability of sanction threats increases by about 200%, when the interdependence variable is changed from its minimum to maximum value. Figure 2 shows that the predicted probability of sanction threats increases by about 230% when the logged number of the IGO membership variable is altered from its minimum to maximum value. Figure 3, on the other hand, indicates that the predicted probability of sanction imposition goes down by 75% when the IGO membership is increased from its minimum to maximum value.

According to the results for control variables in the sanction threat models in Tables 1 and 2, both the sender and target democracy scores have a positive, statistically significant impact on the onset of sanction threats. Note that since these variables are the lower terms of the democratic dyad variable, it essential to interpret them together with the democratic dyad variable. Thus, the results for the sender democracy variable indicate that democratic regimes are more likely senders of sanction threats even in mixed dyads. The finding for the target democracy score, on the other hand, indicates that democratic countries are likely targets of sanctions from nondemocratic regimes in especially mixed dyads. While we are particularly interested in

[11]We use SPost (Long and Freese 2004) for the post-estimation interpretation of regression models for categorical outcome variables.

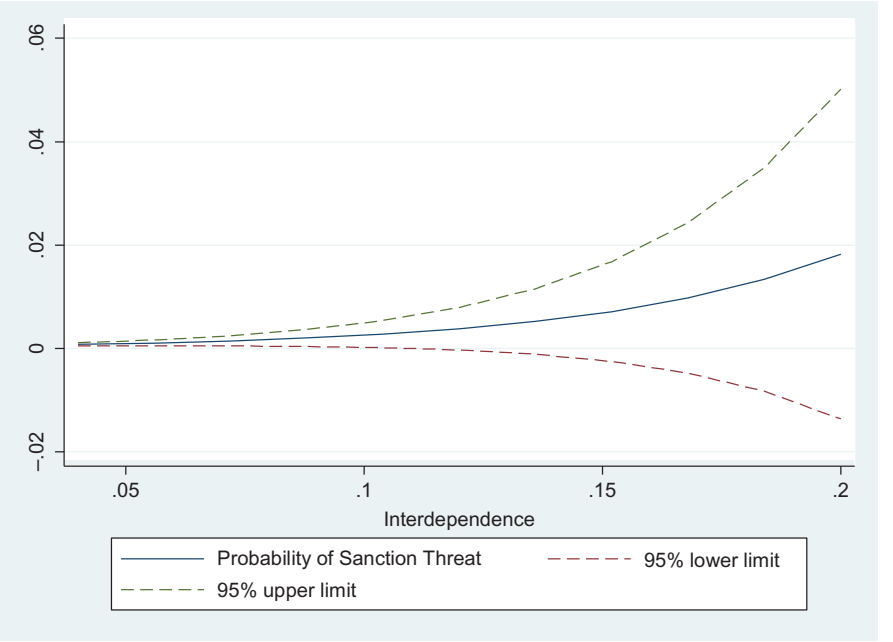

FIGURE 1 Economic interdependence and the predicted probability of sanction threats (color figure available online).

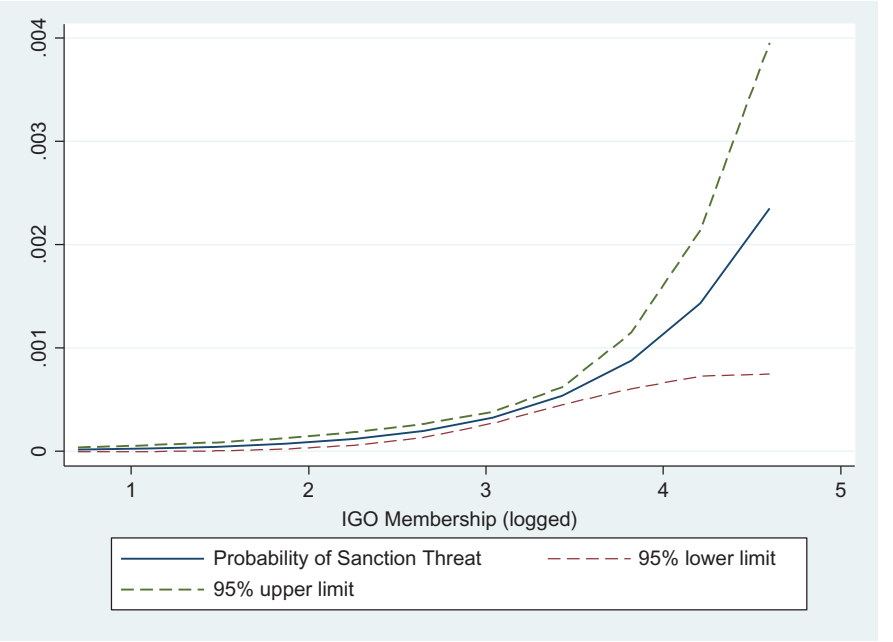

FIGURE 2 IGO membership and the predicted probability of sanction threats (color figure available online).

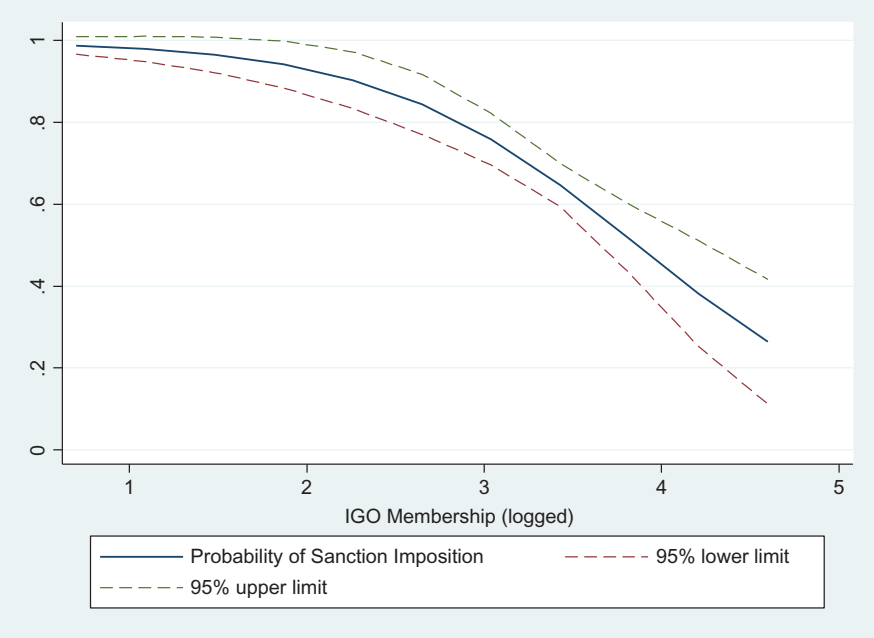

FIGURE 3 IGO membership and the predicted probability of sanction imposition (color figure available online).

the economic peace between democracies, these findings also indicate the possibility of an economic peace between nondemocratic regimes. In the models for the imposition stage, the results indicate that nondemocratic countries are more likely to be targeted with actual sanctions in mixed and autocratic dyads. Finally, the presence of military conflict in a dyad increases the likelihood of sanction threats while reducing the possibility of an imposed sanction. This effect is curious, but could be driven by the threatening state resorting to military action in place of sanctions or an inability to impose a sanction because economic ties are already broken by the military conflict.

CONCLUSIONS

This study has examined the extent to which the neo-Kantian triad of factors—democracy, economic interdependence, and IGO membership—affects the likelihood of the threat and actual use of sanctions. Our results reveal a significant connection between the neo-Kantian variables and sanctions. In a word, the story of neo-Kantianism and economic sanctions is complexity. We find that, although democracies are less likely to issue threats of sanctions against one another, they are more likely to target each

other with sanctions once the threat fails. The results indicate that common IGO membership is likely to increase the possibility of sanction threats and yet more likely to reduce the probability of imposed sanctions. Economic interdependence, on the other hand, appears to increase the likelihood of sanctions while having no discernible effect on the decision to impose sanctions. The results also suggest that the extent of the sender's dependence on the target, rather than the overall economic interdependence between the sender and target, is a key economic determinant of sanction imposition. We find that senders are unlikely to follow through their threats and impose sanctions against countries on which they are economically dependent.

Although neo-Kantianism has been studied extensively in the broader conflict literature, very limited systematic research focuses on economic coercion. This study advances our understanding of decisions about sanctions by offering a full account of the connection with neo-Kantian factors. Our study is also the first systematic attempt at exploring the impact of neo-Kantian variables on the onset of *threat* and *imposition* of economic coercion. One significant implication of our findings is that the sanctioning behavior at the threat and imposition stages of economic coercion is considerably different. Consider, in an overall sense, the reversal in effects involving the neo-Kantian factors: Democracy is associated with inhibiting threats and facilitating imposition of sanctions. Trade interdependence and shared IGO membership operate in the opposite way. This reversal of effects creates the basis for further research on causal mechanisms. A brief beginning is suggested here.

Existence of a security community in the sense put forward by Deutsch (1957) among democracies could explain the first stage; members of the inter-democratic network would be reluctant to threaten each other with sanctions, everything else being equal. In situations where behavior is deemed more egregious, however, imposition of sanctions becomes *more* likely, between and among democracies, because of credibility-related factors alluded to previously in this exposition. Further, it is possible that the imposition of economic coercion might be a substitute for the use of force when two democracies become involved in a foreign policy crisis. Cause and effect could be expected to operate differently regarding economic interdependence and IGO membership. These connections create greater opportunities for threat on the one hand. Yet, on the other hand, self-imposed damage from sanctions would be *greater* than otherwise if the threat is carried through into imposition. Loss of economic exchange and IGO-based partnerships could be expected to follow as a by-product of imposing sanctions.

This study has made our understanding of sanctions more complete and points toward future research that develops fully the significant and yet complex set of causal links between the onset of sanctions and the neo-Kantian triad. Case work is the obvious follow-up here. Directions for case work could focus on any number of directions suggested in the authoritative

treatment from Gerring (2007:88): typical, diverse, extreme, deviant, influential, crucial, pathway, most-similar and most-different. Combinations of cases could be pursued to identify causal pathways, along with the factors that might account for anomalies or especially well-conforming cases.

In this study, we have focused only on the connection between the neo-Kantian variables and sanction initiation. Future research should explore whether regime type, economic interdependence, and common IGO membership have any significant impact on the duration and the outcome of economic sanctions. Most ambitious of all would be a comprehensive, four-stage model that includes the threat, target response, sender decision to initiate (or not), and the targeted response.

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