

ABSTRACT

Title of Dissertation: THE IMPACT OF SANCTIONS ON THE
DOMESTIC RESPONSE OF AUTOCRATS AS
CONDITIONED BY POLITICAL AND
ECONOMIC STRUCTURES

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and Politics

The use of economic sanctions has grown exponentially since the conclusion of the Cold War, and research on these policy tools has similarly proliferated. Although much of this scholarship is dedicated to evaluating the efficacy of sanctions, in recent years researchers have begun considering the consequences of sanctions for target states, and the international community more broadly, while also exploring how the characteristics of the target state influence the effects and outcomes of sanctions. Nevertheless, fundamental questions remain unanswered: How do sanctions impact a leader's domestic policy choices? How do state structures condition the effects of sanctions? And how do sanctions influence the relationship between leaders and their populace? This project addresses these issues by examining how the economic and political structures that define a state shape how sanctions influence the domestic policy choices of autocratic regimes.

I argue that a leader's domestic constituency is multifaceted, and policies that might quiet certain subsets of the population will have little impact on other groups. Autocratic regimes select a matrix of policies best suited to coopt or suppress different sources of threat, thereby

achieving a *status quo*. When sanctions target a primed audience, autocrats must adjust their policy matrix or risk either a coup or rebellion. The groups that are impacted by sanctions, how these groups respond, and how autocrats can best mitigate unrest is contingent on the types of sanctions imposed (targeted or comprehensive) and the economic and political structures that define the state.

My theoretical arguments produce two hypotheses and eight sub-hypotheses. The first hypothesis deals with how the political structure (measured by the regime's Loyalty Norm) conditions the regime's domestic policy response (Systemic Repression and/or Patronage) to threats resulting from the imposition of targeted and comprehensive sanctions. The second hypothesis addresses how a state's economic structure, measured by the regime's income source (earned or unearned), conditions the response (Public Goods and/or Patronage) to threats that arise from targeted and comprehensive sanctions. I explore the relationship between sanctions, state structures, and response using a reconstructed dataset that examines sanction imposition at the target-year level of analysis. The quantitative study supports five of my eight sub-hypotheses. Interestingly, the three sub-hypotheses that are not supported involve the use of Patronage, suggesting that there are issues with the definition and/or measures of Patronage I employed that bear further investigation. To further clarify the dynamics between sanction type, economic and political structures, and domestic response, I conduct two case studies that focus on the leader's use of Patronage. The first case study evaluates the impact of US sanctions on Nicaragua during the 1980s. The second explores how sanctions influenced the Qadhafi regime's domestic policies in Libya from 1978 - 1999.

Taken together, the quantitative and qualitative studies confirm that economic sanctions can and do disrupt the relationship between autocrats and the populace, leading the regime to

reconstruct their domestic policy matrix. The state's structures condition this dynamic, and economic structures can be as influential as political institutions in shaping policies. Finally, this study demonstrates that traditional conceptions of Patronage require further consideration and a regime's use of Patronage is typically more nuanced than it is for repressive strategies. Conventional measures of Patronage, such as corruption and clientelism, as well as the boundary between Patronage and the provision of Public Goods deserve closer scrutiny.

THE IMPACT OF SANCTIONS ON THE DOMESTIC RESPONSE OF
AUTOCRATS AS CONDITIONED BY POLITICAL AND ECONOMIC
STRUCTURES

by

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Dedication

To Lee.

Without your patience, support, encouragement, and excel skills, none of this would have been possible. Thank you for always putting a smile on my face.

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Rarely is work completed without the assistance of many people, and this dissertation is no exception. This project could not have been completed without the wisdom, experience, and guidance of scholars and friends. First of all, my dissertation committee: Paul Huth, Todd Allee, Virginia Haufler, Scott Kastner, and Michael Hanmer who patiently coached me through this process providing feedback, insight, and direction. I also appreciate the support Joshua Shiffrinson showed me when he signed on to my committee late in the process. I am grateful to Kathleen Cunningham and Patrick Wohlfarth who helped me to navigate the daunting administrative hoops required to graduate. In addition, I so appreciate Stacey Kosko and Tom Darling whose encouragement and council I always welcomed and often needed. Outside of academia, my friends at USITC, particularly Diana Friedman and Sarah Scott, have provided advice and reinforcement throughout this process. I also want to thank Deniz Cil for sharing her updated data with me.

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Chapter One: Introduction and Literature Review

Introduction

From 1987 to 1990, the United States imposed an escalating series of sanctions on Panama to destabilize the Noriega regime and ultimately facilitate a democratic transition within the state, as well as reduce Panamanian participation in the drug trade. The United States was eventually able to achieve both goals. However, according to Hufbauer *et al.*, their success was not a product of the economic sanctions regime, but rather direct military intervention by the United States. Commenting on the case study of the Panama sanctions¹, the authors say:

No other case in this volume has been scored a success in which sanctions either contributed nothing or worsened the situation. Despite Panama's unique economic dependence on the US (due both to the canal and its use of the dollar as its currency), the Panamanian government found numerous creative methods for surviving the liquidity crisis provoked by the sanctions. Although the economic sanctions severely disrupted the economy, after two years and two coup attempts, Noriega appeared no closer than ever to stepping down, and it took direct military intervention to remove him from power. The only contribution of the sanctions was, perhaps, to improve the reception American troops got in Panama, because the invasion was accepted as a last resort after economic pressure had failed.²

Panama's domestic instability and economic dependence on the United States established ideal conditions for sanctions success. Moreover, while Panama did receive some economic support from third parties (most importantly Libya), the sanctions regime nevertheless had a significant toll on the Panamanian economy and any economic aid Panama received ran out within a year. The effects of sanctions were significant; Hufbauer *et al.* estimated the economic impact of sanctions was around \$319 million dollars—including the offsets provided by Libyan economic

¹ This case study is contained on the CD accompanying their book, *Economic Sanctions Reconsidered*.

² Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, "Case 87-1," *Economic Sanctions Reconsidered* (Washington, D.C.: Peter G. Peterson Institute for International Economics, 2009).

assistance.³ The IMF estimated that Panama's economy shrank by approximately 16% in 1988 and was stagnant in 1989; unemployment was estimated to have increased 14-25%.⁴ One potential explanation for Panama's resilience might lie in its use of "numerous creative methods for surviving the liquidity crisis."⁵ According to Hufbauer *et al.*, Panama's government applied a mixture of economic and political policies in an attempt to offset costs. These policies included both the use of repression as well as an imaginative 'economic battle plan'⁶ involving policies that incentivized US truckers to register in Panama and fostering a market for non-used tax credits, thereby stimulating non-traditional exports.

The purpose of this work is to examine how economic sanctions influence the behavior of autocratic regimes, conditional on the target state's political and economic structures.⁷ The overriding issues here include: How do states process the costs of sanctions? Which subsets of the domestic audience are most affected by them? How are economic costs translated into threats to the regime? Which domestic audiences are more likely to rebel and under what circumstances? And how do a state's economic and political structures condition the impact of the sanctions and the response of the regime.

At the center of my study is the relationship between autocratic regimes and their domestic constituents. All leaders or regimes⁸ must retain the support of some subset of the population to remain in power, and different domestic groups pose different types of threats. To minimize these threats, leaders employ a specific matrix of domestic policies which can include strategies such as Systemic and Targeted Repression and the provision of Public Goods or

³ Hufbauer, *et.al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁴ Hufbauer, *et.al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁵ Hufbauer, *et.al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁶ Hufbauer, *et.al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁷ Throughout this work I use the terms "structure" and "institution" interchangeably.

⁸ Throughout this work I use the terms "leader(s)" and "regime" interchangeably to refer to the leadership of the state.

Patronage. The balance of these policies is particular to the conditions and characteristics of the state. Under stable conditions, the regime employs a matrix of policies which keeps it in power and maintains the status quo. The imposition of sanctions can disrupt the relationship between leaders and their constituents by altering the welfare of domestic groups and encouraging either revolution or elite defection. As threats arise leaders adjust their policies, reaching back into their policy toolbox to better coopt or suppress potential challenges. The means to establish this rebalancing depends on the type of sanctions that are imposed by the sender (targeted or comprehensive), the domestic audience they most directly impact, and both the economic and political structures of the target state.

This dissertation is organized as follows. In the remainder of Chapter One I review the pertinent literature on sanctions and discuss my contribution to the existing sanctions literature. After a general discussion, I focus on two areas of study within the existing sanctions externalities literature most clearly connected to the work I present here: The scholarship exploring how target state institutions condition the impact of sanctions and research examining how sanctions affect a leader's policy choices.

In Chapter Two I develop the theoretical underpinnings of my study. I examine the policy choices available to leaders and introduce a policy typology defined by two major dimensions: the degree of exclusion and the degree of coercion. These dimensions interact to create four different policy ideal-types: Patronage, Targeted Repression, Public Goods and Systemic Repression. Next, I examine how various domestic groups pose different threats to the regime and explore how leaders respond to rising challenges. I then refocus my attention on how state structures condition the effects of sanctions and argue that these structures make certain groups more vulnerable to specific types of sanction. When sanctions are enacted that impose

sufficient costs on those groups, they are more likely to challenge the regime either via elite defection or revolution. The regime may then be forced to alter its domestic policy matrix to offset the rising threats. I further argue that whereas the state's political structure directly influences the leader's use of both cooptative and repressive strategies, the state's economic structure only shapes the leader's use of cooptation. From all these considerations, I formulate two hypotheses regarding how the leader's domestic policy response to sanctions is contingent on the sanction type imposed, the political and economic structures of the state, and the leader's policy matrix. The first hypothesis deals with how the political structure, measured by the regime's Loyalty Norm, conditions the regime's domestic policy response (Systemic Repression and/or Patronage) to threats raised by the imposition of targeted and comprehensive sanctions. The second hypothesis addresses how a state's economic structure, measured by the regime's income source (earned or unearned income), conditions the response (Public Goods and/or Patronage) to threats raised by these sanction types.

In Chapter Three, I describe the data and research methodology employed to test these hypotheses through a large-N study, complemented by two case studies (Nicaragua [1980-1990] and Libya [1978-1991]) in a mixed methods approach. I discuss my case selection and review the methodological techniques of the quantitative study, and examine how my quantitative and qualitative tests work together to evaluate my answer to the fundamental question posed at the beginning of this project: How do sanctions shape autocratic behavior in the domestic arena?

In Chapter Four, I describe and summarize the results of my quantitative tests. Each hypothesis contains four sub-hypotheses that are evaluated independently and then summarized at the end of the chapter. Overall, the two hypotheses find support in the quantitative study although the results are mixed. More specifically, three of the sub-hypotheses dealing with the

use of Patronage in response to domestic threats raised by targeted and comprehensive sanctions are not supported by my quantitative findings. This suggests that there are issues with the measures of Patronage that I employed in the study that bear further investigation. These, in part, motivated the selection of case studies on Nicaragua (Chapter Five) and Libya (Chapter Six).

In the case studies presented here, I test aspects of both Hypotheses One (Nicaragua) and Two (Libya) by examining the details of the sanction episodes, the impact of sanctions on the target states, and how the political and economic structures of the target states conditioned the domestic policies of these autocratic regimes. Nicaragua and Libya were chosen for detailed study for several reasons. First, both targeted and comprehensive sanctions were imposed by the United States and/or international community on each state, allowing comparisons with respect to sanction type. While the Sandinista regime evolved during the sanctioning period, weakening Nicaragua's Loyalty Norm as democratic processes were implemented in the mid-80s, the Qadhafi regime in Libya maintained a strong Loyalty Norm throughout the sanction episode. Moreover, the differences between Nicaragua's single-party regime and Qadhafi's personalist rule in Libya also provide useful insight into how different types of autocrats respond to sanctions.

Both case studies allowed a fine-grained analysis of the relationship between sanction type, economic and political structures, and Patronage, revealing subtleties in these relationships that are not captured in quantitative studies. In Nicaragua for example, the 1984 democratic elections raised the profile of the country's peasant population. Rather than expanding the use of Public Goods as predicted, the regime further extended the use of Patronage (cooptative and exclusionary practices) in the form of land redistribution and offers of autonomy to encourage the peasantry's participation in a new, larger Winning Coalition. In these types of situations, the

line between Private Goods (Patronage) and Public Goods is blurred. The case study of Libya introduced questions concerning the targets of policy change. In the late 1980s, under comprehensive sanctions imposed by the US, there was growing unrest over food and commodity shortages bringing the nation to a crisis point. The Qadhafi regime responded with plans to liberalize the economy, once again allowing private enterprise and easing trade restrictions. However, the regulatory agencies required for proper oversight of an emerging market economy were not put in place, thereby permitting an increase in corruption and black-market activity, hallmarks of Patronage. So, who were the true targets of policy change in this instance? Unlike repressive strategies, which are relatively straightforward to identify, Patronage requires a greater degree of interpretation, complicating its quantification.

The Scholarship of Sanctions

The use of sanctions expanded substantially throughout the 20th century, reaching its height during the 1990s. At the same time, foreign policy practitioners began to reconsider how sanctions were imposed in terms of their targets, goals, and consequences.⁹ Inasmuch as sanctions have become an increasingly important and an increasingly debated tool of statecraft over the last forty years, scholarly research on the subject has abounded. Researchers were

⁹ For example, during most of the Cold War, sanctions were primarily imposed by and on states and senders would freely select from a variety of sanctioning tools. However, as sanction use became more common over time, the international community began to condemn the humanitarian costs of conventional sanctions and express concerns about their apparent limited efficacy. Comprehensive sanctions, also referred to as conventional sanctions, were once the archetypical policy tool throughout much of the 20th century. These policies are generally characterized as all-encompassing embargoes that aimed to obstruct all economic exchange between states in a manner reminiscent of medieval siege warfare. However, as international condemnation of these policies grew, practitioners became increasingly reliant on targeted sanctions and the use of comprehensive sanctions waned. As compared to comprehensive sanctions, targeted sanctions are much more limited in scope and provide the sender with greater dexterity. Rather than trying to halt all economic exchanges, targeted strategies attempt to target specific subsets of the population by pushing different economic triggers and mechanisms (such as financial policies, asset seizures, arms embargoes, etc.).

initially focused on sanctions efficacy. However, empirical developments¹⁰ and current events¹¹ prompted scholars to delve deeper into research on sanctioning consequences and externalities. My project engages most directly with research on sanctions externalities. In this chapter, I describe the general landscape of sanctions literature during this period, explore those topics most relevant to my research, and identify the specific contributions my research makes to sanctions scholarship.

As economic statecraft has evolved over time, so has the scholarship on sanctions. While researchers have studied economic sanctions for generations,¹² they were particularly prolific during the latter half of the 20th century. As I see it, the literature on sanctions can be loosely categorized into three fuzzy and interconnected categories focused on different elements of the sanctions landscape. The dominant branch of sanctions literature addresses the central question of ‘do sanctions work?’¹³ This area of research evolved first and reached its height in the late 1990s as scholars debated sanctions efficacy.¹⁴ Since then, scholars have become increasingly

¹⁰ Relevant empirical findings include those associated with the relationship between sanctions threat and imposition that implied that targets essentially select into sanctions and the observations that sanctions stimulate instability in the target. Ifran Nooruddin and Autumn Lockwood Payton, “Dynamics of Influence in International Politics: The ICC, BIAs, and economic sanctions,” *Journal of Peace Research* 47, no. 6 (2010): 711-721 and Nikolay Marinov, “Do Economic Sanctions Destabilize Country Leaders?” *Journal of Political Science* 49, no.3 (July 2005): 564-576.

¹¹ Increased international interest in the humanitarian costs of sanctions within the political dialogue in the late 1990s and early 2000’s was reflected in research on sanctions. See Susan Hannah Allen, “The Domestic Political Costs of Economic Sanctions,” *The Journal of Conflict Resolution* 52, no. 6 (December 2008): 916-944; Dursun Peksen, “Better or Worse? The Effect of Economic Sanctions on Human Rights,” *Journal of Peace Research* 46, no.1 (January 2009): 59-77; Thomas G Weiss, “Sanctions as a Foreign Policy Tool: Weighing Humanitarian Impulses,” *Journal of Peace Research* 36, no.5 (September 1999): 499-509; and Reed M Wood, “‘A Hand upon the Throat of the Nation’: Economic Sanctions and State Repression, 1976-2001” *International Studies Quarterly* 52 (2008): 489-513.

¹² Thucydides, *The History of the Peloponnesian War*, intro and ed. M. I. Finley, trans. by Rex Warner. (London: Penguin Classics, 1972).

¹³ Robert A. Pape, “Why Economic Sanctions Still Do Not Work?” *International Security* 22, no.2 (Fall 1997): 90-136 and David A. Baldwin and Robert A. Pape, “Evaluating Economic Sanctions,” *International Security*, 23, no.2 (Fall 1998): 189-198.8

¹⁴ Pape, “Why Economic Sanctions Do Not Work?” *International Security* 23, no.1 (Summer 1998): 66-77; Pape, “Why Economic Sanctions Still Do Not Word?” 1997; Baldwin and Pape, “Evaluating Economic Sanctions,” 1998; and David M. Rowe, “Economic sanctions do work: Economic statecraft and the oil embargo of Rhodesia,” *Security Studies* 9, no.1 (1999): 254-287.

interested in other characteristics of sanctions but continue to return to this fundamental question time and again. Research on sanctions efficacy has evolved over time from examining sanctions utility as a binary result¹⁵ to exploring questions, such as when¹⁶ and how¹⁷ sanctions work and what ‘working’ truly means.¹⁸

The second branch of sanctions literature examines when, why, and under what conditions sanctions are imposed.¹⁹ This literature emerged in the mid to late 1990s, when scholars noticed a disconnect between the threat of sanctions and sanctions imposition.²⁰ Further

¹⁵ Pape, “Why Economic Still Sanctions Do Not Work?” (1997): 90-137.

¹⁶ Jean-Marc F. Blanchard, and Norrin M. Ripsman, “Asking the right question: *When do economic sanctions work best?*” *Security Studies* 9, no. 1-2 (1999): 219-253; Jon Hovi, Robert Huseby, and Detlef F. Sprinz, “When do (Imposed) Sanctions Work?” *World Politics* 57, no.4 (July 2005): 479-499; Hyung-Min Kim, “Determinants of the Success of Economic Sanctions: An Empirical Analysis,” *Journal of International and Area Studies* 16, no.1 (June 2009): 27-51; Nooruddin and Payton. “Dynamics of Influence in International Politics,” 711-721; Taehee Whang, Elena V. McLean and Douglas W. Kuberski. “Coercion, information, and the Success of Sanction Threats,” *American Journal of Political Science* 57, no.1 (January 2013): 65-81; William Akoto, Timothy M. Peterson, and Cameron G. Thies, “Trade Composition and Acquiescence to Sanction Threats,” *Political Research Quarterly* 73, no.3 (2021): 526-539; and Risa A. Brooks, “Sanctions and regime type: What Works, and When?” *Security Studies* 11, Issue 4 (Summer 2002): 1-50.

¹⁷ Hufbauer *et al.*, “Analyzing the Utility of Sanctions,” *Economic Sanctions Reconsidered*; Daniel Drezner, “A Model of Economic Coercion,” *The Sanctions Paradox: Economic Statecraft and International Relations*, Chicago: University of Chicago Press; Daniel W. Drezner, “Bargaining, Enforcement, and Multilateral Sanctions: When Is Cooperation Counterproductive?” *International Organization* 54, no.1 (Winter 2000): 73-102; and Chao Jing, William H. Kaempfer and Anton D. Lowenberg, “Instrument Choice and the Effectiveness of International Sanctions: A simultaneous Equations Approach.” *Journal of Peace Research* 40, no.5 (September 2003): 519-535; and Brooks, 1-50.

¹⁸ David A. Baldwin, “National Power and Economic Statecraft,” *Economic Statecraft*, (Princeton: Princeton University Press, 1985) and Hufbauer *et al.*, “Analyzing the Utility of Sanctions,” *Economic Sanctions Reconsidered*.

¹⁹ Philippe Beauregard, “International emotional resonance: Explaining transatlantic economic sanctions against Russia” *Cooperation and Conflict* 57, no.1 (2021): 25-42; Whang *et al.*, “Coercion, information, and the Success of Sanction Threats,” 65-81; Dean Lacy and Emerson M. S. Niou, “A Theory of Economic Sanctions and Issue Linkage: The Roles of Preferences, Information, and Threats,” *The Journal of Politics* 66, no.1 (February 2004): 25-42; Drezner, “A Model of Economic Coercion” *The Sanctions Paradox*; Masaru Kohno, Gabriella R. Montinola, Matthew S. Winters, and Gento Kato, “Donor Competition and Public Support for Foreign Aid Sanctions,” *Political Research Quarterly* 74, no.1 (2021): 212-227; Ji Young Kim, Wenxin Li, and Seunghee Lee, “Making Sense of Japan’s Export Restrictions against South Korea: Domestic Symbolism, Empowered Premiership, and Anti-Korean Sentiment,” *Asian Survey* 61, no.4 (2021): 683-710; and Peterson, 1820-1846.

²⁰ Whang *et al.*, “Coercion, information, and the Success of Sanction Threats,” 65-81; Lacy and Niou, 25-42; Valentin L. Krustev, “Strategic Demands, Credible Threats, and Economic Coercion Outcomes,” *International Studies Quarterly* 54 (2010): 147-174; and Akoto *et al.*, 526-539.

research identified important patterns relating to threat and imposition²¹ and enforcement and outcomes,²² including the tendency for states to self-select into sanction contests.²³ Such self-selection is problematic for sanctions researchers, particularly those interested in sanctions outcomes, as it introduces significant selection bias problems.²⁴

The third branch of literature explores the externalities of sanctions, particularly for the target state²⁵ and sender,²⁶ but also for the international community.²⁷ Inasmuch as I examine how sanctions impact the behavior of autocrats within the target state, I engage with this area of research most directly. The literature exploring sanction externalities examines the (ostensibly) unintended consequences of sanctions. It focuses less on exploring why sanctions are imposed

²¹ Han Dorussen and Jongryn Mo, "Ending Economic Sanctions: Audience Costs and Rent-Seeking as Commitment Strategies," *The Journal of Conflict Resolution* 45, no. 4 (August 2001): 395-426; Krustev, 147-174; and Lacy and Niou, 25-42.

²² Bryan R. Early and Keith A. Preble, "Going Fishing versus Hunting Whales: Explaining Changes in How the US Enforces Economic Sanctions," *Security Studies* 29, no.2 (2020): 231-267.

²³ Nooruddin and Payton, "Dynamics of Influence in International Politics," 711-721 and Drezner, "A Model of Economic Coercion," *The Sanctions Paradox*.

²⁴ Smith, "The Success and Use of Economic Sanctions," *International Interactions* 21, no.3 (1996): 229-245; Jonathan Eaton and Maxim Engers, "Sanctions: Some simple Analytics," *The American Economic Review* 89, no.2 (May 1999): 409-414; Daniel W. Drezner, "The Hidden Hand of Economic Coercion," *International Organization* 57, no.3 (Summer 2003): 643-659; and Irfan Nooruddin, "Modeling Selection Bias in Studies of Sanctions Efficacy," *International Interactions* 28 (2002): 59-75.

²⁵ Dursun Peksen, "Autocracies and Economic Sanctions: The Divergent Impact of Authoritarian regime Type on Sanctions Success," *Defence and Peace Economics* 30, no.3 (2019): 253-268; William M. Leogrande, "Making the Economy Scream: US Economic Sanctions against Sandinista Nicaragua," *Third World Quarterly* 17, no.2 (June 1996): 329-348; Susan Hannah Allen and David J. Lektzian, "Economic sanctions: A blunt instrument?" *Journal of Peace Research* 50 (2013): 121-135; Marinov, "Do Economic Sanctions Destabilize Country Leaders," 570; and William Kaempfer and Anton Lowenberg, "Targeted Sanctions: Motivating Policy Change," *Harvard International Review* 29, no.3 (Fall 2007): 68-72.

²⁶ Taehee Whang, "Playing to the Home Crowd? Symbolic Use of Economic sanctions in the United States," *International Studies Quarterly* 55 (2011): 787-801.

²⁷ David Lektzian and Glen Biglaiser, "Investment, Opportunity, and Risk: Do US Sanctions Deter or Encourage Global Investment?" *International Studies Quarterly* 57, no.1 (March 2013): 68-78; Lisa Hultman and Dursun Peksen, "Successful or Counterproductive Coercion? The Effect of International Sanctions on Conflict Intensity," *Journal of Conflict Resolution* 61, no.6 (2017): 1315-1339; Timothy M. Peterson and A. Cooper Drury, "Sanctioning Violence: The Effect of Third-Party Economic Coercion on Militarized Conflict," *Journal of Conflict Resolution* 55, no.4 (2011): 580-605.

or who ‘wins’ sanctions contests, but rather considers issues such as the humanitarian implications of sanctions²⁸ and how sanctions affect international trade,²⁹ investment,³⁰ and financial markets.³¹ This topic also touches on the differential impacts of various types of sanctions³² and how different domestic groups are affected by sanctions.³³

Work exploring sanctions’ externalities can be further divided into a few broad categories. One growing strand of literature explores target state instability and leadership survival following the imposition of sanctions.³⁴ Research in these areas suggests that the imposition of sanctions increases domestic instability and, under some circumstances, increases

²⁸ Peksen, “Better or Worse?” 59-77; Peksen, “Autocracies and Economic Sanctions,” 253-268; Leogrande, “Making the Economy Scream,” 329-348; Allen and Lektzian, “Economic Sanctions,” 121-135; and Weiss, “Sanctions as a Foreign Policy Tool, 499-509.

²⁹ Raul Caruso, “The Impact of International Economic Sanctions on Trade Empirical Evidence Over the Period 1960-2000,” *Rivista Internazionale di Scienze Sociali* 113 (Gennaio-Marzo 2005): 41-66; Mario Larch, Serge Shikher, Constantinos Syropoulos, and Yoto V. Yotov, “Quantifying the impact of economic sanctions on international trade in the energy and mining sectors,” *Economic Inquiry* 60, no.3 (2022): 1038-1063; and David Lektzian and Mark Souva, “The Economic Peace between Democracies: Economic Sanctions and Domestic Institutions,” *Journal of Peace Research* 40, no.6 (November 2003): 641-660.

³⁰ Glen Biglaiser and David Lektzian, “The Effect of Sanctions on U.S. Foreign Direct Investment,” *International Organization*, 65, no.3 (Summer 2011): 531-551 and David Lektzian and Glen Biglaiser, “Investment, Opportunity, and Risk,” 68-78.

³¹ Glen Biglaiser and David Lektzian, “The effects of economic sanctions on targeted countries’ stock markets,” *International Interactions* 46, no.4 (2020): 526-550.

³² Daniel W. Drezner, “Targeted Sanctions in a World of Global Finance,” *International Interactions* 41 (2015): 755-764 and Abel Escribà-Folch, “Economic sanctions and the duration of civil conflicts,” *Journal of Peace Research* 47 (2010): 129-141.

³³ Jonathan Kirshner, “The Microfoundations of Economic Sanctions” *Security Studies* 6, no.3 (Spring 1997): 32-64 and Angela Poh, “China and United Nations Security Council Sanctions,” in *Sanctions with Chinese Characteristics: Rhetoric and Restraint in China’s Diplomacy* (Amsterdam: Amsterdam University Press, 2021), 137-189.

³⁴ Marinov, “Do Economic Sanctions Destabilize Country Leaders,” 564-576; Solomon Major, “Timing is Everything: Economic Sanctions, Regime Type, and Domestic Instability,” *International Interactions* 38 (2012): 79-110; Reed M. Wood, “‘A Hand upon the Throat of the Nation’: Economic Sanctions and State Repression, 1976-2001,” *International Studies Quarterly* 52 (2008): 489-513; Christian Von Soest and Michael Wahman, “Are democratic sanctions really counterproductive?” *Democratization*, August 2014, 1-24; and Julia Grauvogel, Amanda Licht and Christian von Soest, “Sanctions and Signals: How International Sanction Threats Trigger Domestic Protest in Targeted Regimes,” *International Studies Quarterly* (2017): 86-97.

the likelihood of leadership transition.³⁵ However it appears that these effects are strongly mediated by regime type and domestic conditions,³⁶ so the actual mechanisms that trigger instability remain poorly understood.³⁷

Another area of research focuses on the economic consequences of sanctions, both for the target state³⁸ and the international community more broadly.³⁹ Typically, this research focused on clarifying if and to what degree sanctions imposed economic costs on targets⁴⁰ by employing both case studies⁴¹ and quantitative approaches.⁴² The results of these studies have been

³⁵ Abel Escribà-Folch and Joseph Wright, "Dealing with Tyranny: International Sanctions and the Survival of Authoritarian Rulers," *International Studies Quarterly* 54, no.2 (2010): 335-359 and Cristiane Carneiro and Dominique Elden, "Economic Sanctions, Leadership Survival, and Human Rights," *University of Pennsylvania Journal of International Law* 30, no.3 (2009): 969-997.

³⁶ Escribà-Folch and Wright, "Dealing with Tyranny," 335-359; Von Soest and Wahman, "Are democratic sanctions really counterproductive?" 1-24; and Major, "Timing is Everything," 79-110.

³⁷ Özgür Özdamar and Evgeniia Shahin, "Consequences of Economic Sanctions: The State of the Art and Path Forward," *International Studies Review* 23 (2021): 1646-1671 provides a useful overview. See also Marinov, "Do Economic Sanctions Destabilize Country Leaders," 564-576; Major, "Timing is Everything," 79-110; Wood, "A Hand upon the Throat of the Nation," 489-513; Von Soest and Wahman, "Are democratic sanctions really counterproductive?" 1-24; and Grauvogel et. al., "Sanctions and Signals," 86-97.

³⁸ David Lektzian and Dennis Patterson, "Political Cleavages and Economic Sanctions: The Economic and Political Winners and Losers of Sanctions," *International Studies Quarterly* 59 (2015): 46-58; Richard C. Porter, "International Trade and Investment Sanctions: Potential Impact on the South African Economy," *The Journal of Conflict Resolution* 23, no.4 (December 1979): 579-612; Leogrande, "Making the Economy Scream," 329-348; Dursun Peksen and Byunghwan Son, "Economic coercion and currency crises in target countries," *Journal of Peace Research* 52, no.4 (2015): 448-462; Geiguen Shin, Seung-Whan Choi and Shali Luo, "Do economic sanctions impair target economies?" *International Political Science Review* 37, no.4 (September 2016): 485-499; Kaempfer and Lowenberg, "Targeted Sanctions, 68-72; Han Intaek and Jang Ji-Hyang, "Blessing or Curse? The Unintended Consequences of the Iran Sanctions Regime." In report: *Do Sanctions Work* ed. by Ji-Hyang Jang and Peter Lee. Published by the Asian Institute for Policy Studies (2013). <https://www.jstor.org/stable/resrep20927.9>; Ali Moghaddasi Kelishomi and Roberto Nisticò, "Employment effects of economic sanctions in Iran" *World Development* 151 (2022): 1-13.

³⁹ Caruso, "The Impact of International Economic Sanctions," 41-66; Biglaiser and Lektzian, "The Effect of Sanctions," 531-551; Lektzian and Biglaiser, "Investment, opportunity, and Risk," 68-78; and Larch et. al., "Quantifying the impact of economic sanctions on international trade," 1038-1063.

⁴⁰ David A. Baldwin, *Economic Statecraft*; Hufbauer, et.al., *Economic Sanctions Reconsidered*.

⁴¹ Leogrande, "Making the Economy Scream," 329-348; Jahangir Amuzegar, "Adjusting to Sanctions," *Foreign Affairs*, 76, no.3 (May/June 1997): 31-41; Julia Grauvogel, "Regional sanctions against Burundi: the regime's argumentative self-entrapment," *Journal of Modern African Studies* 53, no.2 (2015): 69-191; Euclid A. Rose, "From a Punitive to a Bargaining Model of Sanctions: Lessons from Iraq," *International Studies Quarterly*, 49, no.3 (September 2005): 459-479; Bronwen Manby, "South Africa: The Impact of Sanctions," *Journal of International Affairs* 46, no.1 (Summer 1992): 193-217; and Thomas Lines, "Investment Sanctions and Zimbabwe: Breaking the Rod" *Third World Quarterly* 10, no.3 (July 1988): 1182-1216.

⁴² Shin, Choi, and Luo, "Do Economic sanctions impair target economies?" 485-499 and Peksen and Son, "Economic coercion and currency crises in target countries," 448-462.

inconsistent. For example, Shin *et al.* conducted a large-N quantitative study examining broad measures of economic health. Their results suggested that sanctions generated no consistent economic cost for targets regardless of sanction type.⁴³ In contrast, numerous case studies found that sanctions generated substantial economic costs for targets.⁴⁴ Quantitative studies that focused on more specific measures, such as currency crises, also found that sanctions had a significant impact on targets.⁴⁵

In recent years scholars have started to take an increasingly nuanced approach to modeling the economic implications of sanctions.⁴⁶ For example, some researchers have examined indirect measures of economic costs⁴⁷ such as increased black market economic activity,⁴⁸ budget reallocation and fiscal crises,⁴⁹ and growing currency crises in target

⁴³ Shin, Choi, and Luo, “Do Economic sanctions impair target economies?” 485-499.

⁴⁴ Leogrande, “Making the Economy Scream,” 329-348; Amuzegar, “Adjusting to Sanctions,” 31-41; Grauvogel, “Regional sanctions against Burundi: the regime’s argumentative self-entrapment,” 69-191; Rose, “From a Punitive to a Bargaining Model of Sanctions: Lessons from Iraq,” 459-479; Manby, “South Africa: The Impact of Sanctions,” 193-217; and Lines, “Investment Sanctions and Zimbabwe: Breaking the Rod,” 1182-1216.

⁴⁵ Peksen and Son, “Economic coercion and currency crises in target countries,” 448-462.

⁴⁶ In recent years researchers have realized that target state leaders will attempt to offset the economic costs of sanctions through domestic intervention and international outreach and have increasingly attempted to account for this in their research by focusing less on the more direct assessments. See, Amuzegar, “Adjusting to Sanctions,” 31-41; Intaek and Ji-Hyang, “Blessing or Curse? The Unintended Consequences of the Iran Sanctions Regime.” n.p.; Menevis Cilizoglu and Navin A. Bapat, “Economic coercion and the problem of sanctions-proofing,” *Conflict Management and Peace Studies* 37, no.4 (2020): 385-408; Samadi, Ali Hussein, Sakine Owjimehr, Zohoor Nezhad Halafi. “The cross-impact between financial markets, Covid-19 pandemic, and economic sanctions: The case of Iran.” *Journal of Policy Modeling* 43 (2021): 34-55; and Durson Peksen, “Autocracies and Economic Sanctions,” 253-268.

⁴⁷ Emre Hatipoglu and Dursun Peksen. “Economic Sanctions and Banking Crises in Target Economies,” *Defence and Peace Economics*, 29, issue 2 (2018): 171-189; Matthias Neuenkirch and Florian Neumeier, “The impact of UN and US economic sanctions on GDP growth,” *European Journal of Political Economy* 40 (2015): 110-125; and Matthias Neuenkirch and Florian Neumeier, “The impact of US sanctions on poverty,” *Journal of Development Economics* 121 (2016): 110-119.

⁴⁸ Benedicte Bull and Antulio Rosales, “Into the shadows: sanctions, rentierism, and economic informalization in Venezuela,” *European Review of Latin American and Caribbean Studies*, no. 109 (January-June 2020): 107-133 and Bryan Early and Dursun Peksen, “Searching in the Shadows: The Impact of Economic Sanctions on Informal Economies,” *Political Research Quarterly* 72, no.4 (2019): 821-834.

⁴⁹ Elena V. McLean and Taehee Whang, “Do sanctions spell disaster? Economic sanctions, political institutions, and technological safety,” *European Journal of International Relations* 26, no.3 (2020): 767-792 and Elena V. McLean and Taehee Whang. “Economic Sanctions and Government Spending Adjustments: The Case of Disaster Preparedness.” *British Journal of Political Science* 51 (2021): 394-411.

economies.⁵⁰ This research has demonstrated that the economic effects of sanctions on target states can be substantial.

Another strand of literature explores the humanitarian implications of sanctions.⁵¹ Research on this topic emerged in the late 1990s in response to the disastrous impact of sanctions on the populace of Haiti, Iraq, and Yugoslavia. While most research in this area found that sanctions tended to expand humanitarian violations and undermine human rights regardless of intent,⁵² recent studies have suggested that economic sanctions have no effect on the severity of genocides, negative or otherwise,⁵³ and can promote democratization.⁵⁴ Further study in this area is clearly necessary.

The last two areas of scholarship that explore sanctions externalities are related: the first asks how the state's institutional structures condition the impact of sanctions.⁵⁵ The second

⁵⁰ Peksen and Son, "Economic coercion and currency crises in target countries," 448-462.

⁵¹ A. Cooper Drury and Dursun Peksen, "Women and economic statecraft: The negative impact international economic sanctions visit on women," *European Journal of International Relations* 20, no.2 (2014): 463-490; Jerg Gutmann, Mattias Neuenkirch, and Florian Neumeier, "Sanctioned to Death? The Impact of Economic Sanctions on Life Expectancy and its Gender Gap," *The Journal of Development Studies* 57, no.1 (2021): 139-162; and McLean and Whang, "Economic Sanctions and Government Spending Adjustments," 394-411.

⁵² Elizabeth Gibbons and Richard Garfield, "The Impact of Economic Sanctions on Health and Human Rights in Haiti, 1991-1994," *American Journal of Public Health* 89, no.10 (October 1999): 1499-1504; Weiss, "Sanctions as a Foreign Policy Tool, 499-509; Dursun Peksen, and A. Cooper Drury, "Coercive or corrosive: The Negative Impact of Economic Sanctions on Democracy," *International Interactions*, 36 (2010): 240-264; Thomas J. Biersteker, "Targeted sanctions and individual human rights," *International Journal* 65, no.1 (Winter 2009-2010): 99-117; Escribà-Folch, "Economic sanctions and the duration of civil conflicts," 129-141; Peter Wallensteen and Helena Grusell, "Targeting the Right Targets? The UN Use of Individual Sanctions," *Global Governance* 18, no.2 (April-June 2012): 207-230; Allen and Lektzian, "Economic Sanctions," 121-135; Hultman and Peksen, "Successful or Counterproductive Coercion?" 315-349; Peksen, "Autocracies and Economic Sanctions," 253-268; Ryan Liou, Yu-Lin, Amanda Murdie, and Dursun Peksen, "Revisiting the Causal Links between Economic Sanctions and Human Rights Violations." *Political Research Quarterly* 74, issue 4 (2021):808-821.

⁵³ Matthew Krain, "The effect of economic sanctions on the severity of genocides of politicides." *Journal of Genocide Research* 19, no.1 (2017): 88-111 and Whitney K. Taylor and Hollie Nyseth Brehm, "Sanctioning Genocide: To What Effect?" *Sociological Perspectives* 64, no.6 (2021): 1081-2021.

⁵⁴ Von Soest and Wahman, "Are democratic sanctions really counterproductive?" 1-24 and Jerg Gutmann, Mattias Neuenkirch, and Florian Neumeier, "Sanctioned to Death? The Impact of Economic Sanctions on Life Expectancy and its Gender Gap," *The Journal of Development Studies* 57, no.1 (2021): 139-162.

⁵⁵ Taehee Whang, "Structural estimation of economic sanctions: From initiation to outcomes," *Journal of Peace Studies* 47, no.5 (2010): 561-573; Emilie M. Hafner-Burton and Alexander H. Montgomery, "The Hegemon's Purse: No Economic Peace Between Democracies," *Journal of Peace Research* 45, no.1 (2008): 111-120; Escribà-Folch, "Economic sanctions and the duration of civil conflicts" *Journal of Peace Research* 47 (2010): 129-141; Lisa L. Martin, "Credibility, Costs, and Institutions: Cooperation on Economic Sanctions," *World Politics* 45, no.3 (April

poses questions regarding how the imposition of sanctions influences the target leader's behavior and policy choices.⁵⁶ Within the sanctions landscape, my project most directly engages with and expands upon these two areas of research. I explore both topics as well as my contribution to this literature in the next section.

Sanctions, Target State Institutions and Policy Choices

My project engages most directly with two areas of study within the existing sanctions externalities literature: The scholarship exploring how target state institutions condition the impact of sanctions, and research examining how sanctions affect a leader's policy choices. These topics often intersect because politics informs policy⁵⁷ and institutions shape politics. Although there is overlap between the notions of institution and policy in much of the sanctions

1993): 406-432; Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Kirshner, "The Microfoundations of Economic Sanctions," 32-64; Lektzian and Souva, "The Economic Peace between Democracies," 641-660; and Wei-Hao Huang, "A Rusty but Provocative Knife? The Rationale behind China's Sanction Usage," *Journal of Contemporary Eastern Asia* 18, no.1 (Summer 2019): 30-48.

⁵⁶ William Kaempfer and Anton Lowenberg, "The Theory of International Economic Sanctions: A Public Choice Approach," *The American Economic Review* 78, no.4 (September 1988):786-793; William H. Kaempfer, Anton D. Lowenberg, and William Mertens, "International Economic Sanctions Against a Dictator," *Economics and Politics* 16, no.1 (March 2004): 29-51; Kaempfer and Lowenberg, "Targeted Sanctions," 68-72; Lektzian and Souva, "The Economic Peace between Democracies," 641-660; Escribà-Folch and Wright, "Dealing with Tyranny," 335-359; Amanda Abigail Licht, "Price incentives, public outcomes: the role of target political incentives in the success of foreign policy," (PhD diss., University of Iowa, 2010). Iowa Research Online: <https://ir.uiowa.edu/etd/700>; Nimah Mazaheri, "Iraq and the Domestic Political Effects of Economic Sanctions," *Middle East Journal* 64, no.2 (Spring 2010): 253-268; Dursun Peksen and A. Cooper Drury, "Coercive or corrosive: The Negative Impact of Economic Sanctions on Democracy," *International Interactions*, 36 (2010): 240-264; Abel Escribà-Folch, "Authoritarian Responses to Foreign Pressure: Spending, Repression, and Sanctions," *Comparative Political Studies* 45 (2012): 683-713; Lektzian and Patterson, "Political Cleavages and Economic Sanctions," 46-58; Manuel Oechslein, "Targeting Autocrats: Economic Sanctions and Regime Change," *European Journal of Political Economy* 36 (December 2014): 24-40.

⁵⁷ Lowi and Nicholson, "Arenas of Power: The Model," *Arenas of Power*, argue the opposite.

literature,⁵⁸ many researchers also distinguish between the two topics.⁵⁹ I will echo this practice, examining each topic and my contribution to that area independently.

How do the Target's Institutions Condition the Impact of Sanctions?

The literature examining the relationship between the target's institutions and sanctions tends to focus on how political institutions condition the effects of sanctions.⁶⁰ Moreover, when researchers did consider the influence of economic institutions on the impact of sanctions, they often limited their focus to the economic implications of sanctions without exploring how a state's economic structure also conditioned the political impact of sanctions.⁶¹ The work presented here expands on the current literature by exploring the interplay between sanction imposition, economic structure, and leader's policy decisions.

In the late 1990s and early 2000s, researchers paid increased attention to how regime type influenced the impact of sanctions on target states.⁶² Much of this research focused on the

⁵⁸ Escribà-Folch and Wright, "Dealing with Tyranny," 335-359; Escribà-Folch, "Authoritarian Responses to Foreign Pressure," 683-713; and Kaempfer, Lowenberg, and Mertens, "International Economic Sanctions Against a Dictator," 29-51.

⁵⁹ Oechslin, "Targeting Autocrats: Economic Sanctions and Regime Change," 24-40; Amuzegar, "Adjusting to Sanctions," 31-41; Mazaheri, "Iraq and the Domestic Political Effects of Economic Sanctions," 253-268; and Lektzian and Patterson, "Political Cleavages and Economic Sanctions," 46-58.

⁶⁰ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Major, "Timing is Everything," 79-110; Escribà-Folch, "Authoritarian Responses to Foreign Pressure," 683-713; and Kaempfer, Lowenberg, and Mertens, "International Economic Sanctions Against a Dictator," 29-51.

⁶¹ Early and Peksen, "Searching in the Shadows," 821-834; Liou, Murdie, and Peksen, "Revisiting the Causal Links between Economic Sanctions and Human Rights Violations," 808-821; Peksen and Son, "Economic coercion and currency crises in target countries," 448-462; Kaempfer, Lowenberg, and Mertens, "International Economic Sanctions Against a Dictator," 29-51; and Nooruddin, "Modeling Selection Bias in Studies of Sanctions Efficacy," 59-75.

⁶² Much of the research on sanctions and regime type has focused on sanctions outcomes. Increasingly, scholars found that while sanctions were more likely to be levied against autocratic regimes, they were most effective against democratic actors. See, for example Fiona McGillivray and Alastair Smith, "The Impact of Leadership Turnover and Domestic Institutions on International Cooperation," *The Journal of Conflict Resolution* 49, no.5 (October 2005): 639-660; Robert A. Hart Jr, "Democracy and the Successful Use of Economic Sanctions," *Political Research Quarterly* 53, no.2 (June 2000): 267-284; and Allen, "The Domestic Political Costs of Economic Sanctions," 916-944. Other scholars go so far as to contend that there exists an economic peace between democracies. See for example, Lektzian and Souva, "The Economic Peace between Democracies," 641-660 and Dan G. Cox, and A. Cooper Drury, "Democratic Sanctions: Connecting the Democratic Peace and Economic Sanctions,"

connection between sanctions, regime type and domestic instability.⁶³ Typical findings in this strain of the literature included that sanctions are more effective in destabilizing democratic regimes than autocratic states.⁶⁴ This finding led many scholars to conclude that democracies are generally more vulnerable to sanctions than autocracies.⁶⁵ While most researchers generally agree with this finding, there remains some disagreement about the specifics.⁶⁶ For example, Allen finds that sanctions imposed against a democracy are much more effective at generating instability than when imposed against an autocracy.⁶⁷ Major agrees with Allen's basic contention, but argues that autocrats experience "windows of opportunity", periods of increased vulnerability due to domestic instability that make them susceptible to sanctions.⁶⁸ Rounding out this picture, Marinov contends that sanctions are broadly effective at stimulating instability for *all* regime types,⁶⁹ arguing that the main difference between sanctions levied against a democracy lies not in their ability to generate instability but in their capacity to catalyze regime change.⁷⁰

Over time, researchers have extended their scope to allow for greater variation within the definition of autocratic institutions. For example, Kaempfer *et al.* adapt Winthrobe's

Journal of Peace Research 43, no.6 (November 2006): 709-722. However, this finding is contested by Emilie M. Hafner-Burton and Alexander H. Montgomery, "The Hegemon's Purse: No Economic Peace Between Democracies," *Journal of Peace Research* 45, no.1 (2008): 111-120.

⁶³ Allen and Lektzian, "Economic Sanctions," 121-135; Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; and Dursun Peksen and A. Cooper Drury, "Economic Sanctions and Political Repression: Assessing the Impact of Coercive Diplomacy on Political Freedoms," *Human Rights Review* 10 (2009): 393-411.

⁶⁴ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944.

⁶⁵ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Marinov, "Do Economic Sanctions Destabilize Country Leaders," 564-576; and Peksen and Drury, "Coercive or corrosive," 240-264.

⁶⁶ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Marinov, "Do Economic Sanctions Destabilize Country Leaders," 564-576; and Peksen and Drury, "Coercive or corrosive," 240-264, Major, "Timing is Everything," 79-110.

⁶⁷ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944.

⁶⁸ Major, "Timing is Everything," 79-110.

⁶⁹ Marinov, "Do Economic Sanctions Destabilize Country Leaders," 564-576.

⁷⁰ Marinov, "Do Economic Sanctions Destabilize Country Leaders," 564-576.

dictatorship model to investigate how sanctions influence an autocrat's policy choices.⁷¹ In two related studies, Escribà-Folch examines how variations in autocratic regime types impact a leader's policy choices following the imposition of sanctions,⁷² while Escribà-Folch and Wright explore how autocratic regime types condition the effects of sanctions on leadership survival.⁷³

Over the last two decades, sanctions scholars began to question how sub-regime structures, such as the Winning Coalition⁷⁴, condition the impact of sanctions on targets.⁷⁵ For example, Kaempfer *et al.* utilized a public choice approach that disaggregates the conventional single rational actor into competing interest groups.⁷⁶ Using this model, they determined that sanctions are most likely to generate policy changes when they are imposed to signal support for domestic dissenters (signal effects) or threaten future costs to regime supporters (threat effects).⁷⁷ Kirshner similarly broke down the rational actor model of the state.⁷⁸ However, instead of focusing on interest groups, he highlighted the role of the different domestic audiences within the state who are impacted by sanctions, arguing that different types of sanctions will have differential impacts on particular domestic groups via specific pathways.⁷⁹ Major and McGann

⁷¹ Kaempfer, Lowenberg, and Mertes, "International Economic Sanctions Against a Dictator," 29-51.

⁷² Escribà-Folch, "Authoritarian Responses to Foreign Pressure," 683-713.

⁷³ Escribà-Folch and Wright, "Dealing with Tyranny," 335-359.

⁷⁴ An interesting qualitative study of how sub-regime structures condition the impact of sanctions is Chyzh's discussion of how Putin's winning coalition has influenced the impact of 2022 Western sanctions on Russia. Olga V. Chyzh, "The Impact of Western Sanctions on Putin's War," *Canadian Journal of Political Science* 55 (2022): 496-501.

⁷⁵ Brooks, 1-50; Lektzian and Souva, "The Economic Peace between Democracies," 641-660; David Lektzian and Mark Souva, "An Institutional Theory of Sanctions Onset and Success," *The Journal of Conflict Resolution* 51, no.6 (December 2008): 848-871; William H Kaempfer, and Anton D. Lowenberg, "The Political Economy of Economic Sanctions." In *Handbook of Defense Economics*, vol. 2. (Amsterdam: Elsevier B.V., 2007) 867-911; Kirshner, "The Microfoundations of Economic Sanctions," 32-64; Solomon Major and Anthony J. McGann, "Caught in the Crossfire: 'Innocent Bystanders' as Optimal Targets of Economic Sanctions," *The Journal of Conflict Resolution* 49, no.3 (June 2005): 337-359; and Chyzh, "The Impact of Western Sanctions on Putin's War," 496-501.

⁷⁶ Kaempfer, Lowenberg, and Mertes, "International Economic Sanctions Against a Dictator," 29-51.

⁷⁷ Kaempfer, Lowenberg, and Mertes, "International Economic Sanctions Against a Dictator," 29-51.

⁷⁸ Kirshner, "The Microfoundations of Economic Sanctions," 32-64.

⁷⁹ Kirshner, "The Microfoundations of Economic Sanctions," 32-64 In some cases, the costs for domestic groups will be transformed into political costs for leaders and ultimately target concession contingent on the

built on Kirshner's work and Kaempfer *et al.*'s logic, suggesting that the most effective sanctions target domestic groups within the target state "whose spending has the greatest marginal effect on policy" and will be most costly for the target-state leaders to coopt.⁸⁰ Major and McGann then demonstrated that these groups are often innocent bystanders.⁸¹ Several other researchers have discussed how sub-regime institutions condition the effect of sanctions on target states.⁸² However, in the empirical assessment of their arguments they instrumentalize regime type rather than the actual described mechanisms.

Virtually no cross-national studies have examined how sanctions interact with a state's economic structure to produce political change in target states.⁸³ Although there has been increased interest in examining the relationship between sanctions and the economic structure of the target state in the last decade, few of these studies moved beyond exploring how economic structures influence the economic consequences of sanctions.⁸⁴ A limited number of researchers

comparative costs of conceding and not conceding. He describes the mechanisms determining the pathways between sanction-domestic group-leader the "micro-foundations of sanctions."

⁸⁰ Major and McGann, "Caught in the Crossfire," 337-359.

⁸¹ Specifically, Major and McGann demonstrate that senders should target groups that 1) heretofore disinterested in the issue at state, 2) have strong pre-existing ties to the sender and 3) have significant resource reserves at their disposal to lobby the government. Major and McGann, "Caught in the Crossfire," 337-359.

⁸² Brooks, 1-50; Lektzian and Souva, "The Economic Peace between Democracies," 641-660; and Lektzian and Souva, "An Institutional Theory of Sanctions Onset and Success," 848-871.

⁸³ A few exceptions exist. See: Lektzian and Patterson, "Political Cleavages and Economic Sanctions," 46-58 and Liou, Murdie, and Peksen, "Revisiting the Causal Links between Economic Sanctions and Human Rights Violations," 808-821.

⁸⁴ While researchers pay insufficient attention to how economic structure condition the impact of sanctions on the target state, they are interested in how sanctions influence a state's economy. See Early and Peksen, "Searching in the Shadows," 821-834; Liou, Murdie, and Peksen, "Revisiting the Causal Links between Economic Sanctions and Human Rights Violations," 808-821; Peksen and Son, "Economic coercion and currency crises in target countries," 448-462; Nooruddin, "Modeling Selection Bias in Studies of Sanctions Efficacy," 59-75; and Nooruddin, "Modeling Selection Bias in Studies of Sanctions Efficacy," 59-75. One notable study is Lektzian and Mkrtchian's study on the effects of sanctions on economic freedom. See, David Lektzian and Gor Mkrtchian, "The effect of sanctions on economic freedom." *Social Science Quarterly* 102 (2021): 2776-2794. Their project directly explores how sanctions impact the economic structures of a state. Interestingly, they find that the imposition of sanctions incentivized increasing state command of the economy and reduced economic freedom. Other examples include Early and Peksen's exploration of how sanctions impact a state's informal economy and Peksen and Son's study of how sanctions generate currency crises. One project that does tie sanctions and economic structures directly to policy behavior is Kaempfer and Lowenberg examination of how sanctions generate income effects, which, they argue, can directly motivate policy change. See, Kaempfer and Lowenberg, "The Theory of International Economic Sanctions," 786-793.

have begun to introduce economic structure and other economic variables into their causal analysis,⁸⁵ however few of these studies have explicitly included the relationship between sanctions, economic structure/capacity, and traditional political behavior such as repression or cooptation⁸⁶ in their empirical models. One important exception is Lektzian and Patterson's study of how sanctions interact with a state's political-economic cleavages to generate policy.⁸⁷

Lektzian and Patterson constructed a model of sanction effectiveness built around the Stolper-Samuelson Theorem.⁸⁸ They argued that the imposition of sanctions can effectively lead to policy change in two scenarios: the first is when sanctions are imposed on a 'trade-open' country and the state experiences a decline in the real rate of return for the abundant factor of production. The second opportunity is when sanctions are imposed on a 'trade-closed' country and the state experiences a decline in the real rate of return for the scarce factor of production. In either circumstance, politically empowered constituents will "lose" because they have ownership and/or are intensive users of the affected factor, causing them to campaign for policy changes and call on leaders to end sanctions by conceding to the sender's demands.⁸⁹

⁸⁵ Escribà-Folch, "Economic sanctions and the duration of civil conflicts," 129-141 and Lektzian and Mkrtchian, "The effect of sanctions on economic freedom," 2776-2794.

⁸⁶ For example, in "Authoritarian Responses to Foreign Pressure: Spending, Repression, and Sanctions," Escribà-Folch theorizes that certain types of autocratic regimes will respond to the increased budget constraints brought on by sanctions by increasing spending on their winning coalition, while others will increase their use of repression while decreasing spending. In this sense, budget constraints can be seen as an economic structure influenced by sanctions. However, Escribà-Folch does not explicitly test these effects and rather assumes they vary with sanctions. See, Escribà-Folch, "Authoritarian Responses to Foreign Pressure," 683-713. Alternatively, Lektzian and Mkrtchian directly examine the relationship between sanctions and economic freedom, but they do not consider how these dynamics spill over into other dimensions of leader's policy regime. See, Lektzian and Mkrtchian, "The effect of sanctions on economic freedom," 2776-2794. A similar study, find that sanctions that induced diminished fiscal capacity is likely to lead to repression, however these effects are not directly evaluated. See Liou, Murdie, and Peksen, "Revisiting the Causal Links between Economic Sanctions and Human Rights Violations," 808-82.

⁸⁷ Lektzian and Patterson, "Political Cleavages and Economic Sanctions," 46-58. Other exceptions exist linking sanctions, economic structures and costs, and political behavior. See Liou, Murdie, and Peksen, "Revisiting the Causal Links between Economic Sanctions and Human Rights Violations," 808-82 and Roel Dom and Lionel Roger, "Debt or Alive: Burundi's Fiscal Response to Economic Sanctions," *International Studies Quarterly* 64 (2020): 369-379.

⁸⁸ Lektzian and Patterson, "Political Cleavages and Economic Sanctions," 46-58.

⁸⁹ Lektzian and Patterson, "Political Cleavages and Economic Sanctions," 46-58.

Perhaps the most significant contribution that the present work will make to sanctions research is to explore how the target state's economic structure shapes an autocratic leader's response to the imposition of sanctions. When scholars write about sanctions outcomes and explore how sanctions generate change in the target state, they often speak in terms of economic costs transformed into political costs.⁹⁰ However, this discussion really requires a better understanding of how the target state's economic structures filter and process sanctions, generate economic costs, and direct these costs towards the various subsets of the regime and population. By evaluating how the target state's economic structure conditions the impact of sanctions, this work will provide deeper insight into the role different types of domestic institutions play in shaping behavior.

How do Sanctions Impact the Target State's Policy Choices?

In the late 1990s, scholars began to move away from the question of "do sanctions work" towards the more nuanced issue of "when do sanctions work",⁹¹ taking a closer look at the behavior of target states and how sanctions shape policy decisions.⁹² The brunt of this line of sanctions research focused on an autocrat's use of repression and the propensity of autocratic leaders to commit human rights violations.⁹³ However, some studies did explore the use of other

⁹⁰ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Eaton and Maxim Engers, "Sanctions: Some simple Analytics," 409-414; and Kaempfer, and Lowenberg, "The Political Economy of Economic Sanctions," 867-911.

⁹¹ Blanchard and Ripsman, "Asking the right question," 219-253.

⁹² Kirshner, "The Microfoundations of Economic Sanctions," 32-64; Kaempfer, Lowenberg, and Mertes, "International Economic Sanctions Against a Dictator," 29-51; Escribà-Folch, "Economic sanctions and the duration of civil conflicts," 129-141; and Escribà-Folch and Wright, "Dealing with Tyranny," 335-359.

⁹³ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Escribà-Folch, "Authoritarian Responses to Foreign Pressure," 683-713; Escribà-Folch and Wright, "Dealing with Tyranny," 335-359; Wood, "A Hand upon the Throat of the Nation," 489-513; Julia Grauvogel, Amanda Licht and Christian von Soest, "Sanctions and Signals: How International Sanction Threats Trigger Domestic Protest in Targeted Regimes," *International Studies Quarterly* (2017): 86-97; Kaempfer, Lowenberg, and Mertes, "International Economic Sanctions Against a Dictator," 29-51; and Peksen, "Better or Worse? The Effect of Economic Sanctions on Human Rights," 59-77.

policy options.⁹⁴ For example, researchers have examined the target state's response to sanction imposition using economic strategies (including Burundi's use of domestic loans),⁹⁵ spending restrictions and reallocations,⁹⁶ the exploitation of financial reserves,⁹⁷ the devaluation of currency,⁹⁸ market redirection,⁹⁹ and reductions in taxes.¹⁰⁰ Another particularly common (and cost effective) policy employed by the target state is the use of propaganda to coopt sanctions and engender a "rally 'round the flag" effect to enhance the leader's legitimacy,¹⁰¹ although recent studies cast doubt on the value of such strategies.¹⁰² Gaurvogel and von Soest¹⁰³ found that sanctions tended to strengthen autocratic rule when regimes are able to successfully incorporate their imposition into a legitimization strategy. Amuzegar¹⁰⁴ similarly described how Iran was able to effectively withstand US sanctions (circa 1997) through a highly effective public

⁹⁴ Dom and Roger, "Debt or Alive: Burundi's Fiscal Response to Economic Sanctions," 369-379; Oechslein, "Targeting Autocrats: Economic Sanctions and Regime Change," 24-40; Bud Coote, "Uneven Application of Sanctions," In *Impact of Sanctions on Russia's Energy Sector*, Report Published by the Atlantic Council (December 24, 2018): 7-8. <https://www.jstor.org/stable/resrep16783.9>; Julia Grauvogel and Christian von Soest, "Claims to legitimacy count: Why sanctions fail to instigate democratization in authoritarian regimes," *European Journal of Political Research* 53 (2014): 635-653; Timothy Frye, "Economic Sanctions and Public Opinion: Survey Experiments From Russia," *Comparative Political Studies* 52, no.7 (2019): 967-994; Mazaheri, "Iraq and the Domestic Political Effects of Economic Sanctions," 253-268; and Amuzegar, "Adjusting to Sanctions," 31-41.

⁹⁵ Dom and Roger, "Debt or Alive: Burundi's Fiscal Response to Economic Sanctions," 369-379.

⁹⁶ Oechslein, "Targeting Autocrats: Economic Sanctions and Regime Change," 24-40. However, Oechslein argues that autocrats are behaving strategically. Autocrats respond to the imposition of sanctions by reducing the supply of public goods to decrease private sector productivity of would-be challengers. However, this reduction in public goods can trigger a domestic revolt and, contingent on the state's institutional and/or repressive capacity, the state will respond by either repressing the revolt or democratizing.

⁹⁷ Coote, "Uneven Application of Sanctions," 7-8.

⁹⁸ Coote, "Uneven Application of Sanctions," 7-8.

⁹⁹ Peksen and Drury argue that some target leaders can often effectively manipulate the economic disruption generated by sanctions to redistribute resources, enhance their own authority, and weaken opposition groups. See Peksen and Drury, "Coercive or corrosive," 240-264.

¹⁰⁰ Coote, "Uneven Application of Sanctions," 7-8.

¹⁰¹ Grauvogel and von Soest, "Claims to legitimacy count," 635-653; Frye, "Economic Sanctions and Public Opinion," 967-994; Meredith Shaw, "The abyss gazes back: how north Korean propaganda interprets sanctions, threats and diplomacy," *The Pacific Review* 35, no.1 (2022): 202-228.

¹⁰² Mikhail A. Alexseev, and Henry E. Hale, "Crimea come what may: Do economic sanctions backfire politically?" *Journal of Peace Research* 57, issue 2 (October 22, 2019). <https://journals.sagepub.com/doi/10.1177/0022343319866879> and Dimitar Gueorguiev, Daniel McDowell, and David A. Steinberg, "The Impact of Economic Coercion on Public Opinion: The Case of US-China Currency Relations," *Journal of Conflict Resolution* 64, no.9 (2020): 1555-1583.

¹⁰³ Grauvogel and von Soest, "Claims to legitimacy count," 635-653 and Frye, "Economic Sanctions and Public Opinion," 967-994.

¹⁰⁴ Amuzegar, "Adjusting to Sanctions," 31-41.

relations campaign.¹⁰⁵ In a thoughtful 2010 article, Mazaheri explains that the Iraqi regime was able to survive UN sanctions by employing a blend of propaganda, economic strategies, and repression.¹⁰⁶

Although researchers exploring a regime's domestic response to sanctions examined a range of policies including propaganda and economic interventions, they have overwhelmingly focused on the use of repression.¹⁰⁷ The special interest in repression is likely driven by a few factors. First, repression is unfortunately common in autocratic states, and these states are the most common target of sanctions. Second, political science researchers know how to study repression and numerous datasets exist that facilitate analyzing repression in different forms and at multiple levels of analysis.¹⁰⁸ In contrast, some of the other domestic policy responses such as propaganda and public goods distribution are not as readily observed or measured making data collection challenging. Finally, sanctions are often imposed with the stated goal of ending a target states' violations of human rights. However, the relationship between sanctions and repression is contested and some studies suggest that sanctions increase a regime's use of repression, rendering the use of these policies counterproductive.¹⁰⁹ These various reasons

¹⁰⁵ The Iranian government engaged in a wide-reaching public relations campaign casting the United States' unmitigated hostility for Islamic rule as cause for all of Iran's economic woes. Iran further took steps to strength its position by establishing itself as the paramount "defender of the faith and supporter[s] of the oppressed against an arrogant superpower." Washington's continued public lambasting of Iranian theocracy has solidified this portrayal for Iranian audiences. See Amuzegar, "Adjusting to Sanctions," 31-41.

¹⁰⁶ Hussein manipulated the oil for food program to make domestic audiences dependent on him. Hussein also exploited the sanctions for propaganda purposes thereby engendering regional empathy and domestic ideological support. Finally, because sanctions primarily imposed costs on groups outside his winning coalition, Hussein simply allowed the sanctions to work for them and undermine social movements with the potential to destabilize Iraqi society. See Mazaheri, "Iraq and the Domestic Political Effects of Economic Sanctions," 253-268.

¹⁰⁷ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Escribà-Folch, "Authoritarian Responses to Foreign Pressure," 683-713; Escribà-Folch and Wright, "Dealing with Tyranny," 335-359; Wright, "Dealing with Tyranny," 335-359; and Wood, "A Hand upon the Throat of the Nation," 489-513.

¹⁰⁸ For examples of readily available data sources measuring repression, see Freedom House data, the CIRI Human Rights dataset, or the Political Terror Scale (PTS).

¹⁰⁹ Wood, "A Hand upon the Throat of the Nation," 489-513; Allen, "The Domestic Political Costs of Economic Sanctions," 916-944; Kaempfer, Lowenberg, and Mertes, "International Economic Sanctions Against a Dictator," 29-51; Peksen, "Better or Worse? The Effect of Economic Sanctions on Human Rights," 59-77; Peksen and Drury, "Economic Sanctions and Political Repression," 393-411; and Bryan R. Early and Marcus Schulzke,

combine to generate a substantial accumulation of scholarship on repression and, as I will soon discuss, a notable dearth of research on other policy options.

Research on the relationship between sanctions and repression expanded as interest in the humanitarian implications of sanctions grew in the late 1990s and early 2000s,¹¹⁰ covering a variety of topics ranging from dissecting the causal pathways leading to repression,¹¹¹ to exploring how political institutional structures influence the use of repression,¹¹² to studies of how other factors, such as sanction type,¹¹³ influence the use of repression. It is generally agreed within the literature that comprehensive sanctions lead to an increase in repressive strategies resulting in human rights abuses.¹¹⁴ However, regime type¹¹⁵ can condition this response and it remains unclear whether targeted sanctions engender repressive responses. As the sanctioning community began to adopt targeted instruments with enthusiasm in the 1990s and 2000s, it was assumed that they would not, themselves, cause significant human rights violations¹¹⁶ or, at least,

“Still Unjust, Just in Different Ways: How Targeted Sanctions Fall Short of Just War Theory’s Principles,” *International Studies Review* 21 (2019): 57-80.

¹¹⁰ Wood, “A Hand upon the Throat of the Nation,” 489-513; Liou, Murdie, and Peksen, “Revisiting the Causal Links between Economic Sanctions and Human Rights Violations,” 808-82; Allen, “The Domestic Political Costs of Economic Sanctions,” 916-944; Grauvogel and von Soest, “Claims to legitimacy count,” 635-653; Kaempfer, Lowenberg, and Mertes, “International Economic Sanctions Against a Dictator,” 29-51; Peksen, “Better or Worse? The Effect of Economic Sanctions on Human Rights,” 59-77; and Peksen and Drury, “Economic Sanctions and Political Repression,” 393-411.

¹¹¹ Liou, Murdie, and Peksen, “Revisiting the Causal Links between Economic Sanctions and Human Rights Violations,” 808-82; Allen, “The Domestic Political Costs of Economic Sanctions,” 916-944; Wood, “A Hand upon the Throat of the Nation,” 489-513; and Peksen, “Better or Worse? The Effect of Economic Sanctions on Human Rights,” 59-77.

¹¹² Escribà-Folch, “Economic sanctions and the duration of civil conflicts,” 129-141; Escribà-Folch, “Authoritarian Responses to Foreign Pressure,” 683-713; and Kaempfer, Lowenberg, and Mertes, “International Economic Sanctions Against a Dictator,” 29-51.

¹¹³ Early and Schulzke, “Still Unjust, Just in Different Ways,” 57-80.

¹¹⁴ Wood, “A Hand upon the Throat of the Nation,” 489-513.

¹¹⁵ Escribà-Folch and Wright, “Dealing with Tyranny,” 335-359.

¹¹⁶ Uri Friedman, “Anthropology of an Idea: ‘Smart Sanctions’,” *Foreign Policy*, no. 193 (May/June 2012): 28-29; Laura Kanji, “Moving Targets: The Evolution and Future of Smart Sanctions,” *Harvard International Review* 37, no.4 (Summer 2016): 39-42; George A. Lopez and David Cortwright, “Economic sanctions and human rights: Part of the problem or part of the solution?” *The International Journal of Human Rights*, 1, issue 2 (1997): 1-25.

would be substantially more ‘just’ than conventional sanctions.¹¹⁷ However, evidence suggests that targeted sanctions also generate substantial human rights violations.¹¹⁸ The mechanisms by which targeted sanctions stimulate repression are not yet completely clear but evidence points to violent domestic dissent as playing an important role in triggering repression.¹¹⁹

Although scholars have explored how sanctions stimulate targeted states to repress their people, devalue their currencies, or distribute propaganda, the story remains incomplete. One area of sanctions research that is largely unexplored is whether, when, and how sanctions compel targeted leaders to use cooptative policies to influence domestic audiences. Research into autocratic behavior has highlighted the importance of a leader’s use of cooptation as a counterpoint to repression, demonstrating that even the most dictatorial of leaders needs supporters and, to maintain that support, they must supply either private or public goods.¹²⁰ The current sanctions scholarship remains mostly quiet on this matter. However, a few researchers do examine the use of cooptation in response to sanction imposition. For example, Escribà-Folch found that while personalist regimes increase their use of repression following the imposition of sanctions, military regimes and single party dictatorships are more likely to increase private goods payouts.¹²¹ In a similar vein, Kaempfer *et al.* argued that the imposition of sanctions changes the dictator’s budgets, leading them to alter their distribution of repression and loyalty in predictable patterns contingent on sanction intensity, the leader’s power, the effect

¹¹⁷ Adeno Addis, “Economic Sanctions and the Problem of Evil,” *Human Rights Quarterly* 25, no. 3 (August 2003): 573-623.

¹¹⁸ Wallensteen and Grusell, “Targeting the Right Targets?” 207-230; Biersteker, “Targeted sanctions and individual human rights” 99-117; and Early and Schulzke, “Still Unjust, Just in Different Ways,” 57-80.

¹¹⁹ Liou, Murdie, and Peksen, “Revisiting the Causal Links between Economic Sanctions and Human Rights Violations,” 808-82.

¹²⁰ Jessica L. Weeks, “Autocratic Audience Costs: Regime Type and signaling Resolve,” *International Organization* 62 (Winter 2008): 35-64.

¹²¹ Escribà-Folch, “Authoritarian Responses to Foreign Pressure,” 683-713.

of sanctions on domestic groups, and the leader's relationship with those groups.¹²² These findings are useful, however more research into the relationship between sanction imposition and autocratic cooptation is necessary.

I expand on Escribà-Folch and Kaempfer *et al.*'s arguments by examining how leaders select between different forms of coercive and cooptative policies. I build on the selectorate model of behavior proposed by Bueno de Mesquita *et al.*¹²³ that describes a leader's policy choice as primarily a choice between private and public goods. However, I take this model a step further by expanding the choices available to leaders during their initial decision-making process to include repressive strategies. By exploring a leader's choice between different policies at the onset, I believe my approach more accurately models reality by allowing for a more diverse toolbox at all stages of the decision-making process. Furthermore, this approach allows me to model cooptation and coercion as direct policy alternatives and streamlines my analysis.

Sanctions researchers and practitioners of statecraft have made great strides in the study and use of sanctions, exploring the nuances of sanctioning strategies and their impact. As practitioners and researchers have developed a clearer picture of how sanctions stimulate change, sanctions literature has also evolved. The literature in the last several decades can be grouped into three loosely related categories: scholarship explaining sanctions outcomes, studies examining why sanctions are imposed, and research exploring sanctions externalities. My project speaks most directly to the third branch of literature exploring sanctions externalities.

¹²² Kaempfer, Lowenberg, and Mertes, "International Economic Sanctions Against a Dictator," 29-51.

¹²³ Bruce Bueno de Mesquita, Alastair Smith, Randolph M. Siverson, and James D. Morrow, "A Model of the Selectorate Theory," *Logic of Political Survival*, (Cambridge: MIT Press, 2005).

Research in this area has examined a variety of topics ranging from whether the ability of sanctions to stimulate domestic instability is conditional on regime type,¹²⁴ how sanctions impact foreign direct investment,¹²⁵ and examinations of who are the beneficiaries of UN natural resource sanctions.¹²⁶ While my research engages with most of these topics, my project most directly contributes to investigations examining how the target state institutions condition the impact of sanctions and studies exploring how sanctions shape the target state's policy choices. Given that sanctions are an economic tool of influence, it follows that their effects are conditioned by both the state's political institutions and the state's economic structure.

My research also examines the choice between cooptative and coercive policies. Scholars examining the impact of sanctions have extensively studied how and when sanctions' imposition can stimulate targets to increase their use of repression. What remains relatively undertheorized and inadequately tested is how sanctions will impact an autocrat's use of cooptation. This work attempts to fill the gap in two ways. First, I generate a policy typology that distinguishes between different types of repression and cooptation. This allows me to account for variation in leader's policy decisions in response to sanctions. Second, I test my full theory using quantitative techniques but focus my case studies on those hypotheses that predict changes in the leader's use of patronage. This ensures that close attention is paid to the mechanisms connecting sanction imposition to state institution to patronage. I hope that exploring the role of economic structure and expanding upon the variation and dimensionality in

¹²⁴ Allen, "The Domestic Political Costs of Economic Sanctions," 916-944 and Marinov, "Do Economic Sanctions Destabilize Country Leaders," 564-576.

¹²⁵ Biglaiser and Lektzian, "The Effect of Sanctions," 531-551 and Lektzian and Biglaiser, "Investment, opportunity, and Risk," 68-78.

¹²⁶ Enrico Carisch and Loraine Rickard-Martin, "UN Natural Resources and Other Sanctions: Who Benefits?" *Social Research: An International Quarterly*, 82, no.4 (Winter 2015): 983-1014.

policy choices will deepen our understanding of how sanctions impact behavior and prove to be a useful contribution to the field more broadly.

Chapter Two: Exploring Autocratic Behavior Under Sanctions

This chapter explores how autocrats respond to domestic pressures catalyzed by sanctions. At the center of this study is the relationship between autocratic leaders and their domestic constituents. All leaders or regimes must retain the support of some subset of the population to remain in power, and different domestic groups pose potential threats to autocratic leaders. To minimize these threats leaders employ a specific matrix of domestic policies, the nature of which are contingent on various characteristics of the state. The imposition of sanctions can disrupt the relationship between leaders and their constituents by altering the welfare of domestic groups and encouraging either revolution or elite defection. As threats arise, leaders adjust their policies to better coopt or suppress potential challenges.



In what follows, I explore the determinants of leaders' policy choices in the face of sanctions and how structural considerations condition domestic threats. This chapter proceeds in three parts. First, I examine the policy choices available to leaders and introduce a policy typology defined by two major dimensions, the degree of exclusion and the degree of coercion. These dimensions interact to create four different policy ideal-types: Patronage, Targeted Repression, Public Goods, and Systemic Repression. Next, I examine how various domestic groups pose threats to the regime and explore how leaders respond to rising challenges. I argue that when faced with the threat of elite defection, autocrats will rely primarily on Patronage because systematic policies are too blunt and coercive policies risk further disillusioning

defecting elites. When faced with revolution autocrats will respond using either Public Goods or Systemic Repression, conditional on contextual factors. In the third and final phase of my analysis, I refocus my attention on the role sanctions play and how state structures condition their effects. I argue that state structures make certain groups more vulnerable to sanctions. When sanctions are enacted that impose sufficient costs on those groups, they are more likely to challenge the regime either via elite defection or revolution. The regime may be forced to alter its domestic policy matrix to offset the rising threats. I further argue that whereas the state's political structures directly influence the state's use of both cooptative and repressive strategies, the state's economic policies only shape the state's use of cooptation.

Policy Typology



Authoritarian leaders rely on a mixture of policies when interacting with domestic audiences, however these policies tend to cluster in consistent patterns. Examples range from martial law and assassination to economic redistribution, propaganda, and political appointments. Some of these choices have been observed in the behavior of Saddam Hussein's Iraq, apartheid in South Africa, and the post-Aristide Haitian coup. Each of these states employed a predictable yet varied mix of cooptative and repressive policies following sanctions. Prior to the imposition of sanctions, an autocrat has already identified an ideal matrix of policies that allows him to maintain power in the state's unique contextual framework. The imposition of sanctions

potentially upsets the domestic equilibrium, requiring the regime to adjust its matrix of policies accordingly. It is this shift in behavior that I am interested in studying. To map these patterns of behavior, I have constructed a simple typology that involves the interaction between two dimensions of behavior that define the substance of policy: the degree of exclusivity and the degree of coercion. These defining characteristics interact to create four different policy types: Patronage, Public Goods, Targeted Repression, and Systemic Repression.

My research builds on the work of Theodore Lowi,¹²⁷ Duncan Snidal¹²⁸, and Bueno de Mesquita, *et al*¹²⁹. In several ways, my approach to policy analysis echoes the work of Theodore Lowi as I define policy as a “rule formulated by some governmental authority expressing an intention to influence the behavior of citizens, individually or collectively, by use of positive and negative sanctions.”¹³⁰ Although I agree with Lowi’s definition of policy in terms of individual rules, I am less interested in the imposition of singular policies. Rather, I focus on how the broader policy regimen evolves over time. I also adopt his two basic assumptions: 1) government, unlike its domestic audiences, is endowed with the right to use coercion and 2) policy shapes politics.¹³¹ By concentrating coercive power in the hands of leaders, my first assumption separates the leader from other actors in the system and marks the capacity to coerce legitimately as a key characteristic of the leader. The assumption that policy shapes politics implies that the leader’s policy choices influence the political relationships between constituents and their leaders and between the different subsets of the leader’s populace. Although I also

¹²⁷ Theodore J. Lowi, , *Arenas of Power: Reflections on Politics and Policy*, edited by Norman K. Nicholson (Oxfordshire: Routledge, 2009).

¹²⁸ Duncan Snidal, “Public Goods, Property Rights, and Political Organizations,” *International Studies Quarterly* 23, no. 4 (December 1979): 532-566.

¹²⁹ Bruce, Bueno de Mesquita, Alastair Smith, Randolph M. Siverson, and James D. Morrow, *The Logic of Political Survival* (Cambridge, MA: The MIT Press, 2003).

¹³⁰ Lowi, “The State in Politics: The Relation Between Policy and Administration,” in *Arenas of Power*, 143-165.

¹³¹ Lowi, *Arenas of Power*, 20-80.

agree with this implication, I will amend it in one important way. Whereas I accept that policy shapes politics, I also believe that institutions, or the stable structures that define the state, shape policy and, over time, both policy and politics influence institutions. This means that as the length of our time horizons expands, the relationship between policy, politics and institutions will become increasingly circular: Policies begin to shape politics, politics and policy will influence institutions, and institutions, in turn, will structure policy and politics.¹³²

Degree of Exclusion

The first dimension of my policy typology, Degree of Exclusion, is borrowed from the literature on public choice.¹³³ Whereas the public choice literature casts policies in the language of different types of goods, I adopt a broader framework. The types of policies explored in this project are not limited to the dispersal of goods, but also include a leader's use of repression and the rule of law. These policies can also be defined in terms of exclusivity, where exclusive policies are targeted towards individuals or specific groups and non-exclusive policies are imposed in a methodical, system-wide fashion. Snidal¹³⁴ defines 'nonexclusive' as a condition where "if a good is available to one person it is automatically available to all others." In other words, there exists no cost or other distinguishing mechanisms that allows an autocrat or any

¹³² This implies that the motivation behind a leader's behavior likely changes as his time horizon expands. When leaders have shorter time horizons, they will implement policies aimed at controlling and manipulating politics. In contrast, when leaders have longer time horizons, they will implement policies aimed at constructing and re-constituting the state's institutional framework to better suit their needs.

¹³³ Snidal, "Public Goods, Property Rights, and Political Organizations," 532-566; John G. Head and Carl S. Shoup, "Public Goods, Private Goods, and Ambiguous Goods," *The Economic Journal* 79 (September 1969): 567-572; James M. Buchanan, "An Economic Theory of Clubs," *Economica*, New Series 32 (February 1965): 1-14; Paul A. Samuelson, "The Pure Theory of Public Expenditure," *The Review of Economics and Statistics* 36, no.4 (November 1954): 387-389, and Jonathan Anomaly, "Public goods and government action," *Politics, Philosophy and Economics* 14, no.2 (2015): 109-128.

¹³⁴ Snidal, "Public Goods, Property Rights, and Political Organizations," 532-566.

other provider to distinguish between those who receive the good and those who do not within an existing group, population, or universe.¹³⁵ Exclusive policies, in contrast, allow for discriminating mechanisms.

The classic example of a purely non-excludable good is the light from a lighthouse, once the lighthouse is built all ships can take advantage of it.¹³⁶ Examples of traditional non-exclusive policies include the provision of Common Pool Resources¹³⁷ and Public Goods¹³⁸, such as national defense, propaganda, or public education. Provisions for public safety, such as modern policing systems; regulatory systems (such as OSHA and the clean water act), as well as more repressive strategies, such as censorship, curfews, and the implementation of martial law fall within this category. A special category of non-exclusive policies includes mass violence within the context of a civil war. Valentino *et al.* argued that during a civil war, governments might institute a policy of targeting the civilian supporters of insurgents.¹³⁹ The systematic nature of this behavior moves the violence away from exclusionary towards non-exclusionary policies.

¹³⁵ Snidal, "Public Goods, Property Rights, and Political Organizations," 532-566. It is worth noting that Snidal does presume that the good being provided is within the context of a limited group, such as a country, and that there are groups, outside the group receiving the Public Good, that are not receiving it. This implies some sort of limit to non-excludability and non-rivalry.

¹³⁶ Leonard Champney, "Public Goods and Policy Types," *Public Administration Review* 48, no. 6 (November/December 1988): 988; Charles Kindleberger, "Dominance and Leadership in the International Economy," *International Studies Quarterly* 25, no.2 (1981): 243; Joanne Gowa, "Public Goods and Political Institutions: Trade and Monetary Policy Processes in the United States," *International Organization* 42, no. 1 (Winter 1988): 23.

¹³⁷ Common Pool Resources are rival in consumption; however, they are non-excludable. While one's use of such resources depletes their availability, individuals cannot be precluded from partaking of them. Common examples of common pool resources include migratory wildlife and fish in the ocean.

¹³⁸ Public Goods are both non-rival in consumption and non-excludable. A classic example of Public Goods is national defense. Public Goods are often, but not always, indivisible, have infinite availability (within the closed group), and by definition can be consumed by multiple parties simultaneously.

¹³⁹ Benjamin Valentino, Paul Huth and Dylan Balch-Lindsay, " 'Draining the Sea': Mass Killing and Guerrilla Warfare," *International Organization* 58 (Spring 2004): 375-407.

Examples of traditional exclusive policies include both private goods¹⁴⁰ and club goods¹⁴¹ such as grants, water projects, and defense contracts. They also include less tangible policies such as political appointments, assassinations, and arrests. One special example of an exclusive policy, exemplified by the Chinese government's response in Tiananmen Square, is aggression against large groups of citizens. At first glance, the use of such violence might be viewed as a non-exclusive policy because it is aimed at a large subset of the population. However, such policies may best be viewed as a special type of club good since they target a subset of the population in a non-systematic fashion and not the population at large.

Degree of Coercion

The second dimension of my policy typology, Degree of Coercion, speaks to how threatening or punishing, as opposed to cooptative, an autocrat's policies are in response to sanctions. Coercive policies alter behavior by imposing costs on domestic audiences. Examples of coercion include censorship, assassination, and taxation. Lowi argues that, in the long run, all policies are coercive, even traditionally cooptative ones because they all require funding which, typically, is derived through the exploitation of the population's labor (taxation) or theft of resources (publicly owned resources).¹⁴² While this is true at some fundamental level, for the purposes of this project, I am focused on the immediate effects of a particular policy. If a specific policy imposes new taxes on the population explicitly, then it can be considered coercive. However, I

¹⁴⁰ Private goods are both rival in consumption and excludable, an oft-cited example of private goods in economic textbooks is ice cream cones. Private goods are divisible, often have limited availability, and can only be consumed by one party at a time.

¹⁴¹ Like private goods, club goods are non-rival in consumption. However, unlike private goods they are excludable. For club goods, it is possible to limit others from participation. However, my use of a club good will not undermine your capacity to exploit them. One example of a club good is television. The airways are non-rival since my use does not prevent you from watching T.V. But they are exclusive, since watching television does require monthly fees. Another example is membership in a prestigious country-club or a gated community.

¹⁴² Lowi, "Four Systems of Policy, Politics and Choice," *Arenas of Power*.

will not consider policies that make use of government resources as coercive unless they explicitly levy taxes, impose new obligations on the population, limit rights, or involve the use of violence or the threat of violence against the population. Cooptative policies, in contrast, aim to compel behavior by conferring power and privileges. Essentially, cooptative policies buy supporters. Examples of cooptative strategies include land grants, the provision of universal healthcare, and the granting of titles.

One potential concern with using coercion as a key dimension to define policy is the potential for *post-hoc* and circular reasoning.¹⁴³ That is, we can only know that a policy is coercive because we observe that the policy is coercive. This requires us to look at what happens after the policy is imposed, not anticipate the outcome prior to its execution.¹⁴⁴ While these concerns are justified, my use of coercion as a dimension defining autocratic behavior is less problematic for two reasons. First, autocrats often implement policies that are overtly coercive, and can be categorized as such prior to their imposition.¹⁴⁵ For example: assassinations, censorship, curfews, and martial law are much more common in autocracies and can be recognized for what they are prior to implementation. We do not need to observe censorship in action to know it reduces individual liberties and freedoms.¹⁴⁶ Second, I intentionally adopt a

¹⁴³ Lowi, *Arenas of Power*, 16.

¹⁴⁴ Lowi, *Arenas of Power*, 16. The concern of circular reasoning and the potential for post hoc bias was sufficiently great that Theodore Lowi restructured his typology classifying the different types of policies we observe in the United States. When Lowi first developed his model, one of his two key dimensions of study was the “likelihood of coercion.” However, because Lowi was concerned about coercion generating post-hoc bias, he eventually transitioned to using “Form of Expressed Intent” instead of coercion as a dimension, thereby mitigating any such problems.

¹⁴⁵ Additionally, the policy-making process is also often more opaque in autocracies; researchers can generally only study the policies autocrats employ after they have been implemented. This tendency renders much of this conversation moot.

¹⁴⁶ Lowi, *Arenas of Power*, 16. Also using Lowi’s alternative to coercion would be problematic in autocracies. Lowi’s primary/secondary rule model allows only for rules that impose obligations and/or order on individuals. This does not adequately account for the range of policies observed in autocracies. While autocrats do utilize policies that impose responsibilities on domestic audiences with the implied threat of retribution should audiences fail to adhere to those demands, they will also act in a manner that are openly hostile to subsets of their population. This is not traditionally observed in post-industrial democracies, so the need to capture direct coercion

broad definition of coercion for this project to include those policies that are not necessarily coercive on their face, but simply impose obligations which must be backed with the threat of punishment. The threat of coercion is functionally coercive, regardless of whether such measures are used. The threat itself has the effect of forcing individuals and groups to do something they otherwise would not do because of fear. Therefore, the category “coercive policies” does not just include assassination, arrest, and martial law, but also taxation and regulatory policies such as the Fair Labor Standards Act (FLSA)¹⁴⁷ and the Environmental Protection Agency’s Superfund Enforcement. Reframing my coding scheme allows for both greater flexibility in coding and a more accurate representation of the full range of possible behaviors.

Generating a Typology

The purpose of a typology is to construct stylized policy-types that describe different behavioral patterns and relate the different policy groupings to one another. Generating a typology allows researchers to better map trends and identify clusters, thereby providing scholars with the tools necessary to explore causation. My basic typology is displayed below, demonstrating how Degree of Coercion and Degree of Exclusion will interact to generate four different types of policies: Patronage, Targeted Repression, Public Goods, and Systemic Repression.

in a policy typology is not as necessary. However, when studying autocracies, using an approach such as the primary/secondary rule does not adequately capture the violence observed in autocracies.

¹⁴⁷ The FLSA established a framework where agencies imposed fines for when employers violated labor laws such as failing to adhere to minimum wage standards or using child labor.

Table 2.1: A Policy Typology

		Degree of Coercion	
		Cooptation	Coercion
Degree of Exclusion	Exclusionary	Patronage <ul style="list-style-type: none"> • Political Appointments • Land Grants • Corruption 	Targeted Repression <ul style="list-style-type: none"> • Assassinations • Demotion • Exile
	Non-Exclusionary	Public Goods <ul style="list-style-type: none"> • Propaganda • National Defense • Universal Healthcare 	Systemic Repression <ul style="list-style-type: none"> • Martial Law • Censorship • Curfews

Patronage

Patronage Policies are cooptative and exclusive policy tools that are applied directly to individuals or groups to shape their behavior. As described by Alley,¹⁴⁸ Patronage networks are typically deep and broad and are often the product of an informal, complex series of bargains between the elites and leaders. Patronage, then, is akin to Lowi's distributive policies in that most Patronage products can be disaggregated into smaller and smaller units. Similarly, they should not require discriminatory law because of their focus on the individual.¹⁴⁹ Patronage policies can also be compared to what the public choice literature describes as 'private goods', or goods that are both rival and excludable. However, one major distinction from both distributive policies and private goods is that whereas those sets of policies tend to focus primarily on goods directed towards individuals, I define Patronage as those policies that aim to coopt individuals *or* groups of people and are levied in a non-methodical fashion. In other words, they can target both

¹⁴⁸ April Longley Alley, "The Rules of the Game: Unpacking Patronage Politics in Yemen," *Middle East Journal* 64, no.3 (Summer 2010): 385-409.

¹⁴⁹ Lowi, *Arenas of Power*, 73.

individuals and large groups so long as they are not implemented systemically. Examples of Patronage policies would include political appointments, land grants, military armament contracts, certain types of construction projects, and direct sales of publicly owned business.

Permissiveness towards corruption can also be viewed as a form of Patronage. If we assume that an autocrat is rational,¹⁵⁰ we can deduce that the leader has knowledge of the elites' activities and is aware when domestic supporters are engaged in corrupt behavior. Patronage is the use of policies to coopt individuals or specific groups, and in this case the policy of 'doing nothing' is still a policy. Moreover, leaders can foster corruption by introducing policies or placing their supporters in roles where they can exploit existing systems.¹⁵¹ For example, in Nicaragua, state employees tasked with food distribution in the 1980s exploited their position to

¹⁵⁰ Pure Rational Choice Models assume actors have perfect information and make strategic decisions that will maximize their outcomes. See Partha Chatterjee, "The Classical Balance of Power Theory," *Journal of Peace Research* 9, no.1 (1972): 51-61 and Gela Pochkhua, "A Game Theory Application of the Rational Actor Model to the Russo-Georgian War of August 2008," *Connections* 10, no.1 (Winger 2010): 82-120. However, this is a strong assumption, and many researchers relax this assumption, arguing that actors may only have partial information as other actors in the system have incentives to misrepresent their preferences and capabilities. See James D. Fearon, "Rationalist Explanations for War," *International Organization* 49, no.3 (Summer 1995): 379-414 and James D. Morrow, "Capabilities, Uncertainty, and Resolve: A Limited Information Model of Crisis Bargaining," *American Journal of Political Science* 33, no.4 (November 1989): 941-972. For an introduction and application of the Rational Actor Model, see: Graham T. Allison, "Conceptual Models and the Cuban Missile Crisis," *The American Political Science Review* 63, issue 3 (September 1969): 689-718; Pochkhua, "A Game Theory Application of the Rational Actor Model to the Russo-Georgian War of August 2008"; Fearon, "Rationalist Explanations for War"; and Barbara Geddes, "How the Approach You Choose Affects the Answers You Get: Rational Choice and Its Uses in Comparative Politics," *Paradigms and Sandcastles: Theory Building and Research Design in Comparative Politics* (Ann Arbor: University of Michigan Press, 2009).

¹⁵¹ Bueno de Mesquita and Root find that systematically corrupt leaders survive longer in office than non-corrupt leaders. See Bruce Bueno de Mesquita and Hilton L. Root, "The Political Roots of Poverty: The Economic Logic of Autocracy," *The National Interest* 68, no.68 (Summer 2002): 27-37. Chang and Golden find that the autocratic regime type influences the amount of corruption leaders employ, and personalist leaders are generally more corrupt, than autocratic leaders with stronger institutions-such as single-party or military regimes. See Eric Chang and Miriam A. Golden, "Sources of Corruption in Authoritarian Regimes," *Social Science Quarterly* 41, no.1 (March 2010): 1-20. Finally, other researchers find that autocrats will deliberately structure institutions in a manner that facilitates their most loyal engaging in corruption. See, Robert Barrington, Elizabeth David-Barrett, Sam Power, and Dan Hough, *Understanding Corruption: How Corruption works in Practice* (NY: Columbia University Press, 2022), pp for chapter 7.

gain personal benefit, favor groups and individuals, or sell food on the black market.¹⁵² The regime was well aware of these activities and, while they criticized the behavior, they did little to stop it and were primarily focused on silencing reports of such corruption.¹⁵³

Targeted Repression

Targeted Repression consists of coercive and exclusive strategies applied directly to groups or individuals to alter their behavior by raising the costs of their current or intended actions. These strategies are described as targeted because they are directed towards individuals or groups of people, rather than being implemented systematically and cross-nationally. Targeted Repression can be conceptualized as an offshoot of Lowi's concept of distributive policies.¹⁵⁴ Targeted Repression, like Lowi's distributive policies, targets individuals or smaller groups and can be disaggregated smaller and smaller units.¹⁵⁵ However, while distributive policies are typically described in terms of cooptative strategies, Targeted Repression is more coercive. Examples of Targeted Repression include assassination, arrest or imprisonment, demotion, and mass killings

¹⁵² Christiane Berth, "Food Policy Deteriorates into Crisis Management: Economic Cuts, Industrial Agriculture, and Food Aid in the Mid-1980s," in *Food and Revolution* (Pittsburgh: University of Pittsburgh Press, 2021), 137.

¹⁵³ Berth, "Food Policy Deteriorates into Crisis Management," 142.

¹⁵⁴ Lowi, "Four Systems of Policy, Politics and Choice," *Arenas of Power*.

¹⁵⁵ Lowi, "Four Systems of Policy, Politics and Choice" *Arenas of Power*.

outside of a civil war.¹⁵⁶ Bueno de Mesquita's description of "purges"¹⁵⁷ can also be understood as one type of Targeted Repression.¹⁵⁸

Public Goods

These policies are both cooptative and non-exclusive, meaning that they are imposed systemically and aim to generate public support by raising the public welfare, increasing trust, and reducing costs in a systemic fashion. Examples of such policies include nationalized healthcare programs and the provision of a national defense. Symbolic strategies, such as the distribution of propaganda, public speeches, and the construction or declaration of national landmarks also fall within this category. In their discussion of Public Goods, Bueno de Mesquita *et al.* often references more ambiguous concepts, such as transparency, good governance, and government accountability.¹⁵⁹ While these are certainly Public Goods, their ambiguity makes them difficult to measure, evaluate, and sometimes enact.

The definition of a Public Goods has evolved over time. Scholars often define Public Goods as maintaining two fundamental characteristics: they are non-excludable and non-

¹⁵⁶ Valentino *et al.* established that civilians are often systematically targeted during civil war in non-democratic regimes. Therefore, when a mass killing episode takes place in a state currently experiencing a civil war, the episode should be considered part of a systematic policy and classified as Systemic Repression. When an episode of mass killing takes place in the absence of a civil war, it should be considered a non-systematic event and therefore an example of Targeted Repression. See Valentino *et al.*, "Draining the Sea": Mass Killing and Guerilla Warfare".

¹⁵⁷ Bueno de Mesquita and Smith do not specifically define purge. However, contextually it can be understood as a series of assassinations (or imprisonments) targeting members of the Winning Coalition that happen in a limited timeframe. That said, Bueno de Mesquita and Smith's use of the term 'purge' varies in my more general concept of Targeted Repression in three ways. Bueno de Mesquita and Smith's concept of a purge targets small groups of individuals, within the Winning Coalition, and generally completely removes them from participation. My understanding of Targeted Repression is that it can target groups or individuals, it is generally directed towards the Winning Coalition—but not necessitated, and while it can remove individuals from positions of power through assassination or arrest, other forms of Targeted Repression—such as demotion are common. These milder forms punish individuals and act as a deterrent against future bad behavior without forcing the autocrat to use fatal force. See Bruce Bueno de Mesquita and Alastair Smith. "Political Survival and Endogenous Institutional Change," *Comparative Political Studies* 42, no.2 (January 2009):167-197.

¹⁵⁸ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

¹⁵⁹ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

rivalrous in their consumption¹⁶⁰. ‘Non-rivalrous in its consumption’ assumes that the consumption of a good does not deplete its availability to others. While most public choice scholars today accept these two assumptions, it was previously argued that the two dimensions were inextricably linked; Duncan Snidal’s 1979 discussion regarding the potential interconnectedness between non-rivalry of consumption and exclusiveness was particularly compelling.¹⁶¹ To be clear, although I understand and accept the more recent definition of Public Goods that distinguish between excludability and rivalry, I am using the term ‘Public Good’ in a manner somewhat inconsistent with the more current literature. For the purposes of this project, I am not interested in the rivalry dimension since whether a good is rivalrous in its consumption is not a relevant dimension to my theory. Rather, for the purposes of this project I define Public Goods as those policies that are both cooperative (not coercive) and non-excludable. So, this will include both rivalrous and non-rivalrous policies. As a result, this category will include what public choice scholars more typically classify as Common Pool Resources (goods that are rival in their consumption and non-excludable), as well as the more traditionally defined Public Goods (goods that are non-rival in their consumption and non-excludable).

¹⁶⁰ Vinod K. Aggarwal, and Cédric Dupont, “Goods, Games, and Institutions.” *International Political Science Review* 20, no. 4 (October 1999): 393-409; Jose Apesteguia and Frank P. Maier-Rigaud, “The Role of Rivalry: Public goods versus Common-Pool Resources,” *The Journal of Conflict Resolution* 50, no.5 (October 2006): 646-663 and Jose Apesteguia, and Frank P. Maier-Rigaud, “The Role of Rivalry: Public goods versus Common-Pool Resources,” *The Journal of Conflict Resolution* 50, no.5 (October 2006): 646-663.

¹⁶¹ Snidal suggested that non-exclusiveness implies jointness in supply (non-rivalry) and is both a necessary and sufficient condition to define a Public Good. In contrast, non-rivalry, in the absence of exclusivity is necessary but not sufficient. Snidal argues that if Good X is not joint in supply, then it follows that it cannot be non-exclusive. If Good X is non-joint in supply, then it follows that person A’s consumption logically must reduce the amount available to person B. Therefore, Person B has been excluded from the consumption from the good by Person A. To ensure that Person B has access to non-joint Good X, we must necessarily exclude Person A’s access. Therefore, a good cannot be, according to Snidal, non-exclusive but rival (i.e., what we would define as a common resource good). If we accept this logic, then non-excludability essentially supersedes the dimension of non-rivalry. While I do not necessarily whole-heartedly adopt this assumption, it does have some merit. Adopting non-excludability as one of my dimensions of interest rather than rivalry in consumption allows for the possibility that Snidal is correct. See Snidal, “Public Goods, Property Rights, and Political Organizations,” 532-566.

Systemic Repression

Like Targeted Repression, Systemic Repression leverages coercive strategies against domestic groups to compel obeisance. Unlike Targeted Repression, Systemic Repression is non-exclusive, meaning that no individuals can be specifically targeted or exempted when these strategies are imposed. The application of Systemic Repression is widespread and will affect large swaths of the public in a methodical fashion. Examples of Systemic Repression include censorship, curfews, martial law, and the use of mass killings during civil war.¹⁶²

Bueno de Mesquita and Smith take an interesting approach to the discussion of Systemic Repression. Rather than addressing such behaviors directly, they explore Systemic Repression as simply the contraction of Public Goods which, in turn, can generate domestic unrest leading to revolution.¹⁶³ In some ways the substitution makes sense. Public Goods expand the welfare of the masses¹⁶⁴, while Systemic Repression harms the welfare of the masses. However, by viewing Public Goods and Systemic Repression as two sides of the same coin, they miss the important implication of these different policies for state spending and resources. Kono and Montinola¹⁶⁵ describe the problem best:

In both their theory and empirical analysis, Bueno de Mesquita and Smith (2009) and Smith (2008) focus on core public goods (e.g.: civil liberties) but do not examine the spending outcomes. This makes sense, as core public goods do not

¹⁶² As previously described, Valentino *et al.* established that civilians are often targeted during civil war in non-democratic regimes. Therefore, when a mass killing episode takes place in a state currently experiencing a civil war, the episode should be considered part of a systematic policy and classified as Systemic Repression. When an episode of mass killing takes place in the absence of a civil war, it should be considered a non-systematic event and therefore an example of Targeted Repression. See Valentino *et al.*, “Draining the Sea”: Mass Killing and Guerilla Warfare.”

¹⁶³ Bueno de Mesquita and Smith, “Political Survival and Endogenous Institutional Change,” 167-197.

¹⁶⁴ Although Bueno de Mesquita and Smith do distinguish between core Public Goods which promote liberalization and those such as free medical care which do not directly lead to such ends. See Bueno de Mesquita and Smith, “Political Survival and Endogenous Institutional Change,” 185.

¹⁶⁵ Daniel Yuichi Kono and Gabriella R. Montinola. “The Uses and Abuses of Foreign Aid: Development Aid and Military Spending.” *Political Research Quarterly* 66, no.3 (September 2013): 615-629.

cost money: unlike, say, education or infrastructure, they are not financed from the government budget. In fact, providing core public goods is usually just a matter of getting the government out of the way. Conversely, restricting freedom of speech and assembly requires the active involvement of military or police forces. Because such forces are costly to maintain, a contraction of public goods requires higher spending on repression. Given this, these models have important but previously unexplored fiscal implications.

In other words, Systemic Repression will be more costly than the provision of Core Public Goods. However, the relative cost of Systemic Repression vis-à-vis Secondary Public Goods, such as developing public health infrastructure and expanding public education, is unclear.

State Structure, The Sources of Threat, and Leadership Response



When one state sanctions another, they are attempting to pressure their target into changing their behavior in some meaningful way by disrupting the state's domestic equilibrium and imposing political costs through economic mechanisms. In the absence of sanctions or other interventions, domestic unrest is mitigated and the relationships between the leader and different subsets of the population are managed via a carefully selected matrix of policies. The imposition of sanctions disrupts this equilibrium by imposing costs on various subsets of the population conditional on the type of sanction imposed and the state's political and economic structures. As their welfare declines because of sanctions, domestic groups may become less inclined to support their leader resulting in increased domestic unrest and rising threats. Domestic groups can threaten leaders

in two ways: elites can defect and throw their support behind a challenger, and the Disenfranchised can revolt. A domestic group's decision to challenge a leader via revolution or elite defection is contingent on that group's willingness and capacity to act, which in turn is shaped by different structural and contextual factors.

In this section I examine when and how different domestic groups can threaten autocratic leaders and how leaders will respond to rising threats. I first identify the key domestic actors within a state and consider how affinity affects their preferences. I then examine *when* domestic groups will threaten leaders and *how* the leader will respond. To this end, I examine the concept of threat within the domestic context, how it relates to concepts of dependency, and how leaders work to balance against competing threats. Next, I will define existing threats within the autocratic state, more specifically, the threat of revolution and the threat of elite defection. Finally, I will outline which types of threats are posed by specific groups, when they are more likely to occur, and how autocrats will respond to threats when they do arise.

Defining Key Domestic Groups and their Motivations

A state is comprised of four key actors: the leader, the Winning Coalition, the Selectorate, and the Disenfranchised. Bueno de Mesquita *et al.*¹⁶⁶ defines the Winning Coalition as “a subset of the selectorate of sufficient size that the subset's support endows the leadership with political power over the remainder of the selectorate as well as over the disenfranchised members of the society.”¹⁶⁷ The Selectorate is comprised of all individuals with at least some nominal selection in the state's leaders. The Disenfranchised consists of all individuals excluded from the Winning Coalition and the Selectorate.

¹⁶⁶ Bueno de Mesquita, *et al.*, *The Logic of Political Survival*, 51.

¹⁶⁷ Bueno de Mesquita, *et al.*, *The Logic of Political Survival*, 51.

One challenge of Selectorate theory and its scholarship is that proponents of this argument tend to treat membership in the Winning Coalition as discrete, either an individual is a member of the Winning Coalition and receives private goods or they are not and therefore do not receive private goods. However, reality is more nuanced. A better depiction of the model would paint the line between the Winning Coalition and the Selectorate as fuzzy. This idea is reinforced by Bueno de Mesquita's 2011 breakdown of the structure of the Selectorate, where he formalizes the basic intuition that each member of the domestic audiences' relationship with the autocrat can be ordered relative to all other members of the domestic audience.¹⁶⁸ Whereas some institutional structures, such as military regimes and monarchies, have classification schemes that help clarify those in-group versus out-group members, there will always be important members of the Winning Coalition that do not fall neatly within the appropriate categories. Bueno de Mesquita's introduction of Influentials and Interchangeables provides greater flexibility to the Selectorate model.

Bueno de Mesquita *et al.* suggests that the Selectorate can be further subdivided into two groups: the Influentials and the Interchangeables.¹⁶⁹ The Influentials play an important role in selecting the leader, but do not fit neatly within the leader's Winning Coalition. The Interchangeables are the group of all individuals who have some role in determining who becomes the leader. They can be viewed as a pool of potential support.¹⁷⁰

¹⁶⁸ Bruce Bueno de Mesquita and Alastair Smith, *The Dictator's Handbook: Why Bad Behavior is Almost Always Good Politics* (NY: PublicAffairs, 2011) 5-7.

¹⁶⁹ Bueno de Mesquita and Smith, *The Dictator's Handbook*, 5-7.

¹⁷⁰ Empirically identifying Interchangeables and Influentials is challenging because such fine-grained information is not readily available, and the groups' composition will vary considerably from state-to-state. However, in the United States, the Influentials might now consist of voters from Pennsylvania, Michigan, Wisconsin, Arizona and Georgia—or those swing states where registered voters hold disproportionate sway in elections. In contrast, in the United States, Interchangeables would likely include voters from California and New York, technically these individuals vote—but we know which way their state is going so a leader is not going to waste many resources trying to win their support. Bueno de Mesquita *et al.*, argue that in the United States, the Influentials are comprised of the Electoral College, as it is their vote that determines the presidency.

Bueno de Mesquite *et al.* describes affinity as “bonds between leaders and followers that both can use to anticipate each other’s future loyalty... The factors that influence affinity may be clustered as in ethnic or religious preferences, or they may be tied to tastes about personality, ideology, political party identification, experience, family ties, charisma or what have you.”¹⁷¹ The Selectorate model predicts that members of the Winning Coalition (and by extension, the Selectorate) are ranked by level of standing either formally or informally according to affinity. These rankings, in turn, are used to determine whether an individual should be a member of the Winning Coalition or Selectorate. Bueno de Mesquita *et al.* end their examination of the role of affinity here. However, if affinity influences the ordering of individuals within the Winning Coalition and the Selectorate, it follows that affinity should also impact the distribution of payoffs. In other words, the size and value of the private goods individuals receive as pay-out should also vary proportionally with an individual’s standing within the Winning Coalition and how willing the leader is to replace that individual.

Leaders can increase the probability of retaining power in the long-term by maximizing the degree of affinity between themselves and their Winning Coalition. To further retain support from the Winning Coalition, leaders will use a mixture of policies. Which policies are employed will be contingent on a variety of contextual and institutional considerations including the state’s political and economic structures. These structures will shape the relationships between the leader, his Winning Coalition, and the Disenfranchised.¹⁷²

However, because they are often bound by the popular votes in their own states, I think it is more accurate to explore who the presidential candidates most heavily pander to—as they often have deciding power. Bueno de Mesquita and Smith, *The Dictator’s Handbook*, 5.

¹⁷¹ Bueno de Mesquita, *et al.*, *The Logic of Political Survival*, 60-61.

¹⁷² According to Bueno de Mesquita, whether the leader uses private goods or public goods to coopt the Winning Coalition is largely contingent on its size. As the size of the Winning Coalition increases, the use of private goods becomes inefficient since it becomes too expensive to buy off a large Winning Coalition. In this case public goods are more efficient. Leaders typically prefer small W, large S coalitions for a number of reasons. Strengthening the Loyalty Norm results in greater stability as they can rely on private goods to retain support, and a

When Will Domestic Groups Challenge Leaders?

The idea of balancing domestic threat is rooted in two strands of the literature: the neorealist discourse on the balance of power and liberal scholarship on the relationship between leaders and their constituents. I explore each in turn.

The Balance of Power

Neorealist scholarship¹⁷³ exploring the balance of power generally examines states as homogenous entities partaking in an anarchical system. These scholars typically view states as aggregating power within the international system to “balance” against one another through deterrence, thereby preserving their own security. Warfare occurs when the system becomes unbalanced.¹⁷⁴ Neorealists elevate the utility of military power over all other sources, such as economic or soft power, and questions regarding the physical security of the state are paramount. For example, in the writings of Kenneth Waltz and John Mearsheimer, both characterized as structural realists, economic factors are typically considered as either foundational to or as a constraint on military power. Particularly relevant for my purpose is the work of Stephan M. Walt. He argues that states’ primary concern is not power, but threat. Specifically, Walt states:

smaller W results in fewer people to coopt leaving the leader with greater slack resources. Typically, countries with small Winning Coalitions and large Selectorates are the more traditional autocracies such as personalist regimes, communist regimes, and oligarchies. These regimes hold fixed elections that give audiences the illusion of being a member of the Selectorate. A good example of this was Stalin’s Soviet Union. Military Juntas and Monarchies generally have a small Winning Coalition and a small Selectorate. Democracies have large Winning Coalitions and large Selectorates where the Selectorates approach the number of residents. (Residents = Selectorate + Disenfranchised). See Bueno de Mesquita, *et al.*, , “A Model of the Selectorate Theory,” *The Logic of Political Survival*.

¹⁷³ Kenneth N. Waltz, *Man, the State, and War: a theoretical analysis*, (NY: Columbia University Press, 2001).

¹⁷⁴ Bandwagoning was introduced as an alternative to balancing. Bandwagoning entailed states allying with an aggressor in pursuit of peace. See Stephen M. Walt, “Balancing and Bandwagoning,” *The Origins of Alliances*, Ithaca: Cornell University Press, 1990; Randall L. Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back In,” *International Security* 19, no.1 (Summer 1994): 72-107, and Kevin Sweeney and Paul Fritz, “Jumping on the Bandwagon: An Interest-Based Explanation for Great Power Alliances,” *The Journal of Politics* 66, no.2 (May 2004): 428-449.

Balancing and bandwagoning are usually framed solely in terms of power. Balancing is alignment with the weaker side; bandwagoning means to choose the stronger. This view is seriously flawed, however because it ignores the other factors that statesmen will consider when identifying potential threats and prospective allies. Although power is an important factor in their calculations, it is not the only one. Rather than allying in response to power alone, it is more accurate to say that states will ally with or against the most *threatening* power. . . . Because balancing and bandwagoning are more accurately viewed as a response to threats, it is more important to consider all the factors that will affect the level of threat that states may pose. . . . 1) aggregate power; 2) proximity; 3) offensive capability; and 4) offensive intentions.¹⁷⁵

My conception of threat is akin to Stephan M. Walt's framework. Like Walt, I am focused on both the capacity and intentions or, as I describe it, the willingness of potential actors to threaten the autocrat. However, whereas Walt studies the international system, which is characterized by anarchy, I focus on the domestic system, better characterized by hierarchy. Also, unlike Walt, I do not focus on proximity since, for domestic threats, the proximity of an actor is functionally a given. Additionally, for simplicity's sake I combine aggregate power and offensive capabilities into one broader concept: capacity.

The Relationship Between Leaders and Their Constituents.

Since the end of the cold war, International Relations scholars have redirected their attention to disaggregating state behavior and unpacking the relationship between leaders and domestic audiences.¹⁷⁶ The basic contention of many of these models is that all leaders, regardless of regime type, are dependent on some subset of the domestic population and therefore enact

¹⁷⁵ Stephen M. Walt, "Alliance Formation and the Balance of World Power," *International Security* 9, no. 4 (Spring 1985): 8-9.

¹⁷⁶ Bueno de Mesquita *et al.*, "A Model of the Selectorate Theory," *Logic of Political Survival*; Jonathan Kirshner, "The Microfoundations of Economic Sanctions," *Security Studies* 6, no. 3 (Spring 1997): 32-64; and Barbara Geddes, Joseph Wright, and Erica Frantz, "New Data Set: Autocratic Breakdown and Regime Transitions," *Perspectives on Politics* 12 (June 2014): 313-331.

policies to maintain their support. Several important models in international relations theory explore these dynamics, including scholarship on two-level games,¹⁷⁷ research into democratic peace theory,¹⁷⁸ and Selectorate theory.¹⁷⁹ Many of these scholars frame their argument in the language of dependency, allowing them to explore why leaders utilize different types of goods to satisfy different audiences.¹⁸⁰ However, I believe that the relationship between leaders and domestic groups is better structured around the concept of threat, and in terms of willingness and capabilities.

Domestic groups often pose threats to leaders. Sometimes domestic groups threaten leaders because the leader is dependent on these groups' support to retain power. Therefore, defections can undermine a leader's position. Sometimes domestic groups threaten leaders because disadvantaged peoples are sufficiently coordinated such that they might attempt to overthrow the regime via revolution. Threat subsumes dependence and focusing on threat rather than dependence allows scholars to explore additional pathways for change. Moreover, by framing leadership behavior in terms of responses to potential threats rather than dependency, scholars can more coherently explain a regime's use of coercion and cooptation within a singular framework.

¹⁷⁷ Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no.3 (Summer 1988): 435.

¹⁷⁸ Bruce Russett and John Oneal, *Triangulating Peace: Democracy, Interdependence, and International Organizations* (NY: W. W. Norton and Co., 2000).

¹⁷⁹ Bueno de Mesquita *et al.*, "A Model of the Selectorate Theory," *Logic of Political Survival*.

¹⁸⁰ Bueno de Mesquita *et al.*, "A Model of the Selectorate Theory," *Logic of Political Survival*; David H. Clark, "Trading Butter for Guns: Domestic Imperatives for Foreign Policy Substitution," *The Journal of Conflict Resolution* 45, no.5 (October 2001): 636-660; and Patrick J. McDonald, *The Invisible Hand of Peace: Capitalism, the War Machine, and International Relations Theory*, (Cambridge: Cambridge University Press, 2009).

Recent scholarship has transitioned in this direction.¹⁸¹ For example, both Bueno de Mesquita and Smith's study of "Endogenous Institutional Change"¹⁸² and Smith's research examining the impact of unearned income¹⁸³ elevate the role of domestic threat. Both projects explore the variations in group capacity and willingness when determining whether specific groups can or will threaten a leader. I draw heavily on their insights as I develop the argument below.

Types of Domestic Threats

There are two major sources of threat to a leader: the threat of elite defection and the threat of revolution. The threat of elite defection arises when members of the Winning Coalition are sufficiently dissatisfied that they are willing to defect from their leader and support a challenger. The threat of revolution occurs when the Disenfranchised are sufficiently coordinated that they have the capacity to overthrow the existing institutions and reconstruct the system.

The Threat of Elite Defection

The Threat of Elite Defection emerges when members of the Winning Coalition are both willing and able to switch their allegiance to a challenger. Because the Winning Coalition has smaller numbers than the Disenfranchised and an elite social position, they typically will have dense

¹⁸¹ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197; Alastair Smith, "The Perils of Unearned Income," *The Journal of Politics* 70, no.3 (July 2008): 780-793; Courtenay R. Conrad, "Divergent Incentives for Dictators: Domestic Institutions and (International Promises Not to) Torture," *Journal of Conflict Resolution* 58, no.1 (February 2014): 34-67; and Milan W. Svolik, "Contracting on Violence: The Moral Hazard in Authoritarian Repression and Military Intervention in Politics," *Journal of Conflict Resolution* 57, no.5 (2012): 65-794.

¹⁸² Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

¹⁸³ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197 and Smith, "The Perils of Unearned Income,"

networks, extensive resources, and enough organizational capabilities necessary to stage a coup. However, while members of the Winning Coalition may be capable of defection, they rarely will be willing to do so because the Winning Coalition is a major beneficiary of the current system. Leaders generally provide members of the Winning Coalition with a constant stream of private or public payoffs to ensure their continued support.¹⁸⁴ Although leaders are constantly appeasing the Winning Coalition, there also exists a pool of potential challengers attempting to outmaneuver and usurp the current leader. Doing so requires some subset of the current leader's Winning Coalition to defect to the challenger. Both the leader and the challenger are constantly approaching elites (members of the Winning Coalition), promising future payoffs that are comprised of some distribution of Patronage and Public Goods to secure their future support. Nevertheless, according to Bueno de Mesquita *et al.*, the existing leader's offers are more credible because his affinity is better known.¹⁸⁵ In other words, members of the Winning Coalition have a better chance of remaining part of a future Winning Coalition if the existing leader remains in power because they already have a demonstrated affinity for one another. In contrast, the challenger's affinity is unknown. This means that the elite's likelihood of being in the challenger's Winning Coalition and their degree of affinity is also unknown. So, if an elite defects from the leader to a challenger, there is a real risk that the challenger will ultimately not select that elite to be in his Winning Coalition—thereby reducing the elite's personal payouts. All of this implies that the leader will win against the challenger every time, all else being equal.

All things are not equal. There are several scenarios under which a challenger can make a successful bid for power, and most relevant to this study is the case of economic shock. When available resources decline, they limit the offers that both the leader and his challenger can make

¹⁸⁴ Bueno de Mesquita *et al.*, "A Model of the Selectorate Theory," *Logic of Political Survival*.

¹⁸⁵ Bueno de Mesquita *et al.*, *The Logic of Political Survival*, 160-166.

to domestic audiences. This means that the real threat to the autocrat of declining resources is not that the challenger will make a better offer than the leader—the challenger is similarly constrained in the face of sanctions—but rather that the diminishing resources will undermine the leader’s credibility vis-à-vis their competitors. Under normal circumstances, the leader’s credibility is the one real advantage over potential opponents. However, under the conditions of economic shock, domestic audiences begin to question the existing leader’s credibility and competence because they will be uncertain as to the real reason for the declining resources. Economic shocks generate information problems because domestic audiences are uncertain as to whether there is truly an externally caused economic shock or if the leader is simply greedy or incompetent. Therefore, domestic audiences will seek to protect themselves when a leader’s economic performance falls below some fixed level by defecting in favor of a challenger.

The Threat of Revolution

The Threat of Revolution is even more directly tied to declining resources. Because the Disenfranchised have no possibility of entering a Winning Coalition within the existing institutional framework, their only hope to improve their position is to overthrow existing institutions and create a new political structure. According to Selectorate theory, in the absence of government countermeasures designed to deter antigovernment activities (e.g., repression), the Disenfranchised should be in a constant state of revolt¹⁸⁶ because they receive few benefits from the autocrat. However, mobilization requires overcoming significant collective action problems and, because the Disenfranchised are highly diffuse, it has restricted resources and limited

¹⁸⁶ Or at least, they should be constantly willing to revolt.

organizational capacity. Therefore, the Disenfranchised will find overcoming such problems challenging at best.

Economic shock, again, can increase the likelihood of revolution via two pathways. First, as the Disenfranchised' wellbeing declines due to an economic shock their willingness to revolt should increase proportionally. This can partially compensate for their limited capacity.¹⁸⁷ Second, as the impact of an economic shock increases, the leader's resources should decline, leaving the leader less capable of repressing revolution and the capacity of the Disenfranchised will increase in comparison. Because the Disenfranchised are perpetually willing to revolt given some mobilization capacity, as the leader's resources decline vis-à-vis the Disenfranchised the probability of revolution will increase.

How Will Leaders Respond to a Challenge?



Leaders will respond to different threats using specific types of policies designed to appease the dissatisfied or repress the armed. The specific policies will be contingent on different structural and contextual factors that vary with the type of threat the leader faces. When the regime faces the threat of elite defection it will be more likely to respond using Patronage policies. In contrast, when the regime faces the threat of revolution it will be more likely to respond using

¹⁸⁷ The effect can be diminished by reductions to the Disenfranchised's capacity to revolt.

either Systemic Repression or Public Goods distribution. In what follows, I explore these dynamics in greater detail.

Table 2.2: The Relationship Between Source of Threat and Policy Choice

Source of Threat	Type of Threat	Degree of Exclusion	Degree of Coercion	Policy
Winning Coalition	Threat of Elite Defection	Exclusive	Cooptative	Patronage
Disenfranchised	Threat of Revolution	Non-Exclusive	Coercive	Systemic Repression
			Cooptative	Public Goods

Responses to the Threat of Elite Defection

When leaders face the increased threat of elite defection, they will generally attempt to either buy-off or repress the Winning Coalition's capacity and/or willingness to defect. Certain characteristics of the Winning Coalition make specific policies better suited to this goal. First, the Winning Coalition is the smallest subset of the population. This means that autocrats rely primarily on exclusionary policies when facing the threat of elite defection, and exclusionary policies are easily subdivided and directed toward those individuals who pose a specific threat to the leader. This makes exclusionary policies both more powerful and less costly.

Second, relative to the situation where leaders are dealing with the threat of revolution, regimes threatened with elite defection are more likely to use more cooptative strategies overall. Leaders facing elite defection are reluctant to engage in coercive policies. Bueno de Mesquita *et*

al. discuss the use of Targeted Repression¹⁸⁸ in their exploration of autocratic purges. They explain that while the autocrat has incentives to purge his/her coalition and increase their personal payout from kleptocracy, purges can potentially destabilize a regime by compelling members of the Winning Coalition to defect.¹⁸⁹ When a regime is stable, purges can occasionally be accomplished “*fait accompli*.” However, a regime experiencing economic shock is already at risk of elite defection due to information problems. Members of the Winning Coalition will already be wary of the leader’s intentions and a forward-thinking, rational leader will be careful to avoid provoking defection by using such policies that will further agitate them. As a result, autocrats will rely primarily on cooptative policies in the face of elite defection following economic shocks related to the imposition of sanctions.

Responses to the Threat of Revolution

When the Disenfranchised threatens revolution, leaders must attempt to either coopt or repress their capacity and/or willingness to revolt. Certain characteristics of the Disenfranchised make specific policies better suited to this goal. First, within an autocracy the Disenfranchised comprise the largest subset of the population. This means that autocrats that rely primarily on

¹⁸⁸ Systemic Repression is not a viable option because, as previously established, when interacting with members of the Winning Coalition, leaders will rely on exclusionary policies. Targeted Repression is the only coercive exclusionary policy.

¹⁸⁹ In “Political Survival and Endogenous Institutional Change,” Bueno de Mesquita and Smith. explain that while leaders are incentivized to reduce coalition size through purging, coalition members on average, will not support a purge. While coalition members are likely to receive higher payoffs following a purge, because leader’s affinity ordering is not transparent, they cannot ensure that they themselves will not be purged. This means that the potential costs of a purge are greater than its potential benefits for coalition members, so if they sense that a potential purge is on the horizon, they will defect to a rising challenger. Bueno de Mesquita and Smith argues of the threat of Winning Coalition defection, purges will only occur “*fait a compli*” such as the July 22, 1979, purge perpetuated by Saddam Hussein. Key members of his Winning Coalition were invited to the Ba’ath party headquarters for a meeting and 68 members were accused of participating in a plot, 22 of which were subsequently executed. The purge was quick and efficient and over almost as soon as it began. See Bueno de Mesquita and Smith, “Political Survival and Endogenous Institutional Change,” 167-197.

non-exclusionary policies when facing revolutionary threats (such as civil war, curfews, censorship, the redistribution of wealth, and the provision of universal healthcare) will be more effective at attempting to contain or appeal to the Disenfranchised. The use of Patronage or Targeted Repression in these cases is too costly and difficult to distribute on such a large and systemic scale.

The choice between coercive and cooptative policies is less straight-forward. Autocrats can and have used both repressive and cooptative strategies in response to rising threats of revolution.¹⁹⁰ While both policies can be used, I would argue that leader's choices between Systemic Repression and Public Goods are driven by structural and contextual factors.

Bueno de Mesquita *et al.* argue that in response to revolutionary threat leaders must choose between either expanding their use of Public Goods or Systemic Repression (Public Goods retraction),¹⁹¹ and that the choice is conditional on two variables: the size of the Winning Coalition and the leader's Income Source. Systemic Repression is generally favored because autocrats typically prefer as small a Winning Coalition as possible to maximize their gains. However, the use of Systemic Repression has consequences. First, the regime will have to supply the Winning Coalition with sufficient private goods to compensate for the corresponding

¹⁹⁰ Bueno de Mesquita and Smith argue that while the Disenfranchised typically lack mobilization capacity, under certain circumstances the threat of revolution increases, particularly when institutional conditions approximate a revolutionary "sweet spot." When the Winning Coalition is small, private goods are most efficient. However, as the size of the Winning Coalition expands, the use of private goods becomes too expensive, and the leader begins using increased amounts of Public Goods. Public Goods, though targeted at members of the Winning Coalition have the secondary impact of empowering members of the Disenfranchised. As the size of the Winning Coalition increases, the leader uses more and more Public Goods to satisfy his Winning Coalition, simultaneously empowering the Disenfranchised. When the size of the Winning Coalition reaches a 'sweet spot,' the leader will use so many Public Goods that the Disenfranchised will be sufficiently empowered to potentially revolt against the leader, but not enough that the Disenfranchised will be satisfied with their lot and be unwilling to revolt. Smith and Bueno de Mesquita and Smith further argue that the presence of unearned resources (such as foreign aid or oil) extends the Disenfranchised desire to rebel, particularly in small coalition settings. See Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197 and Smith, "The Perils of Unearned Income," 780-793.

¹⁹¹ Bueno de Mesquita and Smith refer to Systemic Repression as 'contracting their use of public goods.' See Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

loss of welfare as repression increases. Second, Systemic Repression is costly to both the leader and the Winning Coalition by reducing the efficiency of the economy. A less productive economy means more limited access to resources.¹⁹² Therefore, the regime will have to compensate for both its increased financial burden and the Winning Coalition's economic losses from contraction. In contrast, increased dispersal of Public Goods can result in a more liberal policy overall, increasing the threat posed by the Disenfranchised. Furthermore, expansion of Public Goods also means that the regime risks the loyalty of members of the Winning Coalition as it reduces the costs of future exclusion.

Smith¹⁹³ argues that as a rule of thumb, leaders with weaker loyalty norms and larger Winning Coalitions will typically choose cooptative policies, while leaders with stronger loyalty norms and smaller Winning Coalitions will choose to coerce.¹⁹⁴ Generally, I would agree. In the absence of other considerations, I would argue that autocratic leaders would respond to the rise of revolutionary threats by increasing their use of Systemic Repression as their Loyalty Norm increases in strength. In contrast, assuming, once again, the absence of other considerations, I anticipate that the presence of revolutionary threat should cause autocrats to increase their distribution of Public Goods, as the Loyalty Norm grows weaker in strength.

¹⁹² Contraction reduces the supply of Public Goods, increases Systemic Repression and undermines the ability of revolutionaries to organize. It also shrinks the economy and, by extension, the government's resources. Bueno de Mesquita and Smith also argue that, as a positive, the shift from public towards private goods can increase the loyalty of the Winning Coalition which can ultimately enable leaders to spend less on members of the coalition to ensure they do not defect. However, at the same time, leaders will have to compensate for the decline of Public Goods using private goods, which will be more costly. Expansion increases the supply of Public Goods, resulting in more liberal policy overall. However, as a side effect, leaders risk members of the Winning Coalition becoming less loyal as the shift towards Public Goods reduces the costs of future exclusion. See Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

¹⁹³ Smith, "The Perils of Unearned Income," 780-793.

¹⁹⁴ While I do not provide extensive detail in my analysis, we can also expect an increase in private goods along with the use of Systemic Repression in response to growing revolutionary unrest to compensate declining Public Goods. Simultaneously, when W is larger and we expand Public Goods, we would likely see a decline in private goods provision—and very possibly an increase in Targeted Repression to suppress disloyal elites. However, the focus of this study is on the primary changes to the policy matrix, and these changes are secondary.

The above discussion explores how political structures shape a leader's policy responses to revolution but fails to account for the role of the state's economic structure in shaping behavior. For example, as mentioned above, one of the "benefits" of Systemic Repression for the regime is that it reduces the ability of the Disenfranchised to mobilize.¹⁹⁵ However, using Systemic Repression will also exert pressures on the economy, effectively reducing the leader's access to resources. This is where the state's economic structure, in terms of resources (e.g., income streams) or earned versus unearned income, plays an important role. When a regime has access to unearned income, "revenue derived from sources independent of the citizens willingness to engage in the economy"¹⁹⁶ such as foreign aid or natural resource wealth, they will be less concerned about the economic costs of repressive policies. However, when leaders are reliant on earned income, they will be more reluctant to use Systemic Repression because such policies can damage their income base. This suggests that when the regime is reliant on unearned income, they will be more likely to use Systemic Repression to quell rising revolutionary threats. It also suggests that when leaders are reliant on earned income they will default to using Public Goods in the face of revolution. The relationships are summarized in Figure 2.1 below.

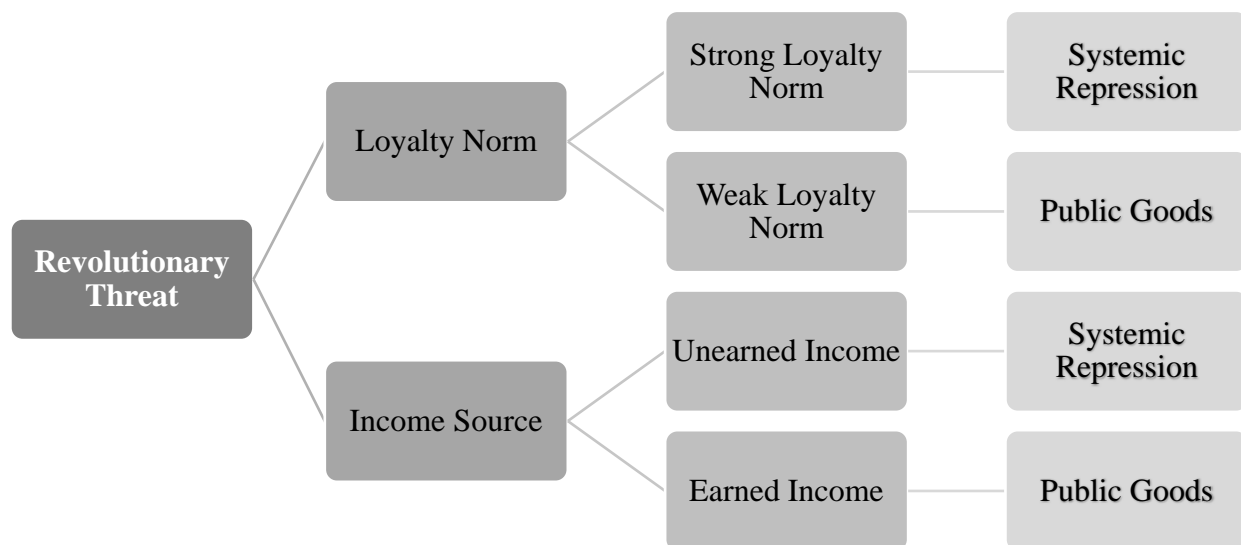
In summary, both Systemic Repression and Public Goods in response to revolution can have negative, long-term consequences for leaders. How leaders select between these policies is largely determined by structural considerations. In response to a rising revolutionary threat, leaders will increase their use of Systemic Repression as their Loyalty Norm grows stronger (the size of the Loyalty Norm grows smaller), or the leader's reliance on unearned income increases.

¹⁹⁵ Smith, "The Perils of Unearned Income," 780-793.

¹⁹⁶ Smith, "The Perils of Unearned Income," 780-793.

In contrast, I anticipate that as the regime’s Loyalty Norm grows weaker (the size of the Winning Coalition grows larger), or as the leader’s reliance on earned income increases, the disbursement of Public Goods should increase.

Figure 2.1: The Relationship between Threat, State Structure, and Policy Choice



Balancing Domestic Threats

Because domestic populations can be subdivided into the Winning Coalition, the Selectorate, and the Disenfranchised, each state simultaneously faces both the threat of elite defection and revolution. When a state is at equilibrium, leaders can successfully contain these threats through their existing policy matrix. However, sometimes systems become unbalanced. One potential disrupter of domestic equilibrium is the imposition of sanctions. When sanctions are sufficiently costly, they alter the cost-benefit calculations of different actors within the system, resulting in changes in the autocrat’s threat environment. Leaders then must alter their existing policy matrix

to retain power and repress or coopt rising threats. Because leaders' resources are finite, they will likely be forced to prioritize one threat over another. The interaction between three variables informs how leaders prioritize threats: sanction type, political institutions, and the state's economic structure. In the next section, I explore how sanction type, and the political and economic structures of the state impact the balance of threats and shape the leader's policy choices.

The Determinants of Policy Choice



Important contextual factors influence how domestic groups experience and respond to the imposition of sanctions. Below, I discuss how sanction type determines which groups bear the brunt of the sanctions. Targeted sanctions primarily impact members of the Winning Coalition, while the Disenfranchised bear the primary burden of comprehensive sanctions. The economic and political structures of the state then largely determine which groups are willing and capable of mobilizing. While there exist many different important political and economic structures within a state, this project focuses on the roles of the Loyalty Norm and Income Source in shaping political behavior. I argue below that when the Loyalty Norm is strong (political structure) or the state is dependent on earned income (economic structure), then the Winning Coalition will be less willing to defect, but the Disenfranchised will be mobilized to revolt. On the other hand, when the Loyalty Norm is weak (political structure) or the state is dependent on

unearned income (economic structure), then the Winning Coalition will be more willing to defect, but the Disenfranchised will not be capable of revolting. Sanction type, Loyalty Norm, and Income Source shape political behavior and condition the effects of sanctions.

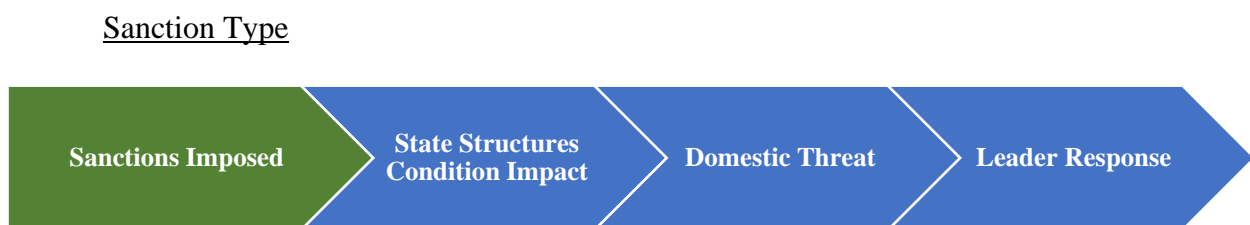
The economic and political structures of the state act as primers, as they prepare different groups for action. However, neither factor is enough to mobilize either the elites or the Disenfranchised, requiring sanctions to act as a catalyst. Whereas sanctions can stimulate unrest, they must be appropriately tuned to the state's underlying political and economic structures. When sender states impose sanctions well-suited to the target state's economic and political context, leaders are forced to either alter their domestic policy matrix or face domestic unrest.

In what follows I explore how a state's economic and political structures condition the impact of sanctions, influence what groups are affected by sanctions, and shape the policy choices leaders make. I first explore how the Sanction Type imposed independently influences target leader's policy choices. Next, I explore how the role domestic political institutions play in shaping leader's behavior, both independently and in combination with the imposed sanctions, and postulate Hypothesis One. Next, I explore the role domestic economic institutions play in shaping leader's behavior, both independently and in combination with imposed sanctions. I conclude this section by specifying Hypothesis Two.

Policy Implications of Sanction Type

I previously argued that autocratic states generally exist in a state of equilibrium, holding all else equal. Autocrats carefully select a matrix of policies that will ensure that neither elites nor the Disenfranchised have the capacity or willingness to threaten the autocrat. However, autocratic systems can be fragile and circumstances are subject to change, destabilizing the state.

Economic shock can reduce the leader's capacity via multiple pathways, potentially forcing the autocrat to address threats emanating from both the Winning Coalition and the Disenfranchised. Sanctions can stimulate economic shock when senders halt trade, seize assets, impose blockades, or freeze a target's financial resources. Symbolic sanctions, such as prohibitions from competing in international sporting and cultural events, and travel bans targeting individuals are often used to significant effect. For example, the Commonwealth's of Nations vote to maintain sporting sanctions against South Africa¹⁹⁷ over apartheid is often characterized as an influential factor in compelling changes in South African domestic policy.¹⁹⁸ Specific types of sanctions have varying impacts on states, contingent on the states contextual framework.



Economic and political structures define the relationship between the regime and its domestic audiences, and Sanction Type determines which groups bear the costs of sanctions. Different subsets of the population will respond to specific types of economic pressure, engendering distinct threats to the autocratic leader.

Comprehensive sanctions often involve an embargo of all trade with the target state, impacting access to both luxury items and basic necessities. Comprehensive sanctions typically

¹⁹⁷ Gary Clyde Hufbauer, Jeffrey Schott, Kimberly Ann Elliott, and Barbara Oegg, "Case 62-2 and 85-1: UN v. South Africa (1962-1994: Apartheid; Nambia). U.S., Commonwealth v. South Africa (1985-91: Apartheid)," Speeches and Papers, the Peterson Institute for International Economics, May 1, 2008.

¹⁹⁸ While the 1991 sporting sanctions in South Africa are identified as a turning point, they are simply one of several sanctions that the international community imposed over an extended period of time. Their importance should not be overstated.

impose greater costs for the Disenfranchised, while members of the Winning Coalition will be more impacted by targeted sanctions. For example, comprehensive sanctions will often prove devastating to the Disenfranchised as the reduced access to basic commodities takes its toll. In contrast, elites can typically secure access to their basic needs through alternative means, insulating them from the effects of comprehensive sanctions.¹⁹⁹ Interestingly, Allen has posited that comprehensive sanctions actually increase the welfare of the elites, for example, by opening opportunities to black market activities.²⁰⁰ Comprehensive sanctions are also associated with the use of repression and human rights abuses in the target state.^{201, 202}

Unlike comprehensive sanctions, targeted sanctions impose restrictions that nominally affect only a subset of the economic exchange between the sender and target states. For example, targeted sanctions tend to focus on luxury goods, weaponry, and certain types of financial transactions. These types of goods are primarily consumed by elites. Therefore, when such sanctions are strategically applied, they can be highly disruptive for the state as elites are adept at passing costs on to autocrats.

The impact of different types of sanctions on the Selectorate is contingent on the structure of the state, the size of the Winning Coalition, and whether leaders primarily utilize Patronage or Public Goods. As previously described, the Selectorate can be subdivided into Influentials and Interchangeables, where the Influentials also receive some allotment of private goods but the Interchangeables do not. If a relatively large proportion of the Influentials comprise the

¹⁹⁹ Susan Hannah Allen, "The Domestic Political Costs of Economic Sanctions," *The Journal of Conflict Resolution* 52, no. 6 (2008): 916-944.

²⁰⁰ Allen, 916-944.

²⁰¹ David Lektzian, and Mark Souva, "The Economic Peace between Democracies: Economic Sanctions and Domestic Institutions," *Journal of Peace Research* 40, no.6 (November 2003): 641-660.

²⁰² Dursun Peksen, "Better or Worse? The Effect of Economic Sanctions on Human Rights," *Journal of Peace Research* 46, no.1 (January 2009): 59-77.

Selectorate (as determined by the size of the Loyalty Norm), then the Selectorate will be more responsive to targeted sanctions. However, if the Selectorate primarily consists of Interchangeables, then it will be more vulnerable to comprehensive sanctions.

The Impact of Sanction Type

Because different types of sanctions target specific groups, they will stimulate distinct threats. Whereas comprehensive sanctions are more likely to trigger a revolutionary threat from the Disenfranchised, targeted sanctions are more likely to cause members of the Winning Coalition to threaten elite defection. Although the type of sanction imposed by the sender provides us with useful information concerning which groups will bear the costs of sanctions and, by extension, which type of threat can potentially be stimulated, the story is incomplete.

Even if sanctions are sufficiently costly, if they do not appropriately target a vulnerable group then their impact will be minimal. Domestic group vulnerability is largely a function of the various economic and political structures which define the state, and these structures determine which groups are most willing and able to mobilize. If sanctions are imposed that stimulate groups already primed for action, then the leader's position is likely to be threatened. However, if sanctions are imposed, but the affected group is not primed to mobilize, then the costs will simply be absorbed by domestic audiences and no significant policy changes will be observed. In other words, Sanction Type has an interactive relationship with the state's economic and political structure.

Endogeneity

Theoretically, senders can choose which type of sanctions to impose on targets. Logically, senders should utilize the sanctions best suited to achieve their policy goals for the target state. This means that if a target is more vulnerable to comprehensive sanctions, then the sender would employ comprehensive sanctions. In contrast, if the target is more vulnerable to targeted sanctions, then a sender should impose the appropriate sanctions. This introduces an element of endogeneity into my analysis.

However, other important factors are at play which constrain the sender's sanction choices. The two factors most pertinent to this study are the effects of international norms and contextual factors within the sender state that limit their own policy choices. During the latter half of the 20th century, international norms evolved specifying what types of sanctions were considered acceptable. These norms in turn influenced the types of sanctions senders would use. This is particularly true for western democracies, the class of senders most likely to sanction autocrats. In a similar vein, the sender's domestic and international circumstances often restrict the type of sanctions imposed by defining what costs the sender's domestic audiences can and will tolerate. This is, again, particularly true for western democracies.

The international norms for employing comprehensive sanctions emerged towards the end of the 20th century following a dramatic expansion in the use of economic statecraft.²⁰³ During this period, most high-profile examples of sanctions were comprehensive sanctions.²⁰⁴ Examples include the UN sanctions in Haiti, the former Yugoslavia, and Iraq.²⁰⁵ Although these

²⁰³ Daniel W. Drezner, "Sanctions Sometimes Smart: Targeted Sanctions in Theory and Practice," *International Studies Review* 13 (2011): 96-108.

²⁰⁴ Drezner, "Sanctions Sometimes Smart," 96-108.

²⁰⁵ The failure of the Iraqi oil for food program began to represent the incompetency of the UN sanction regime and served to link sanctions to both humanitarian crises and government corruption.

comprehensive sanction events brought about some modest policy changes in all three cases, they were also associated with widely publicized humanitarian disasters,²⁰⁶ contributing to an emerging public perception that comprehensive sanctions were a failure and brought about excessive, widespread civilian death. Increasingly, IGOs, NGO's, policymakers, and scholars began questioning the wisdom and ethics behind comprehensive sanctions. International audiences condemned comprehensive sanctions as a policy tool and promoted smart sanctions (targeted sanctions) as a viable alternative.^{207,208} Growing clamor over the inefficiency and cruelty of comprehensive sanctions and the potential superiority of targeted sanctions ultimately resulted in European countries and the UN sponsoring a series of international meetings during the 1990s and early 2000s to review and strengthen sanctions protocols.²⁰⁹ By 2000, international norms had sufficiently hardened that smart sanctions became the standard protocol. According to Drezner, by 2010 the United Nations and the United States had internalized this standard and had not implemented comprehensive sanctions in over fifteen years.²¹⁰

Beyond international norms, the domestic and international context often constrains what policies senders can employ within the international arena. In several prominent examples,²¹¹

²⁰⁶ Drezner, "Sanctions Sometimes Smart," 96-108 and Laura Kanji, "Moving Targets: The Evolution and Future of Smart Sanctions," *Harvard International Review* 37, no.4 (Summer 2016): 39-42.

²⁰⁷ George A. Lopez and David Cortright, "Smarting under Sanctions," *The World Today* 58, no.3 (March 2002): 17-18.

²⁰⁸ Smart sanctions are defined as sanctions that "theoretically mean to maximize the target regime's cost of noncompliance while minimizing the general population's suffering. They must hit the target government and its key domestic constituencies the hardest while, ideally, sparing economic sectors that affect the population." Kanji, "Moving Targets," 39-42.

²⁰⁹ The goals of these meetings were to strengthen sanctions protocols, enhance UN involvement, and reduce sanction evasions. These meetings, the Bonn-Berlin process, the Stockholm process, and the Interlaken process, were primarily focused on targeted sanctions, such as arms embargos, travel sanctions and financial sanctions, and played an important role in developing council methodology and sanctions standards. See Joanna Weschler, "The evolution of security council innovations in sanctions," *International Journal* 65, no.1 (Winter 2009-2010): 31-43 and Drezner, "Sanctions Sometimes Smart," 96-108.

²¹⁰ Drezner, "Sanctions Sometimes Smart," 101. Since 2010, the United States has admittedly imposed sanctions that are either comprehensive or virtually comprehensive. Examples include sanctions imposed on Iran in the early 2010s and the North Korean sanctions protocol.

²¹¹ Examples include Libya during the 1990s, recent European sanctions against Russia, and even the oil-for-food exemption for Iraq during the 1990s. See BBC News. "What are the sanctions on Russia and are they

the international community has imposed extensive sanctions regimes just to stop short of sanctioning important target resources due to sender state reliance on them.²¹² Ultimately, a sender's sanctioning choices are limited by what its own economy can withstand.

In summary, while senders are aware that different sanctions will have variable effects on target state behavior, they self-limit their tools to those acceptable to international and domestic standards. Despite an awareness that the use of targeted sanctions may generate sub-par outcomes, sender behavior suggests that they would rather tolerate inefficiency than undergo international and domestic criticism.²¹³ For my purposes, it is enough to note that international norms and the preferences of international audiences play an important role in shaping sanction selection.

hurting its economy?" September 30, 2022; Chon, Gina. "Russia punches economic hole above its weight." *Reuters*, March 16, 2022. ,

²¹² As of May 16, 2022, Russia has invaded Ukraine resulting in an extensive sanctions regimen. Specific sanctions levied by the EU, UK and US include extensive financial sanctions (including but not limited to freezing the assets of Russia's central bank, barring Russia from making debt repayments removing Russia from the international financial messaging system, freezing the assets of Russian oligarchs, imposing a flight ban, banning the sale of luxury and dual-use goods and selective import sanctions. This does not include sanctions imposed from other states and the over 1000 companies that have imposed their own, private boycotts. However, while this policy regime is impressive, one important gap is the imposition of sanctions targeting Russia's energy resources. Some limited steps have been taken. For example, the United States has now banned all Russian oil and gas imports and Germany has frozen the unveiling of the Nord Stream 2 gas pipeline. The EU has proposed phasing out oil imports by the end of 2022, however apparently the proposal has stalled. Potential EU sanctions on energy resources would be important. Oil and gas supply more than 50% of Russia's GDP as of 2020, Other forms of unearned income, such as mining, make up over 10% of Russia's GDP and, as of 2012 half of the Russian government's revenue came from its energy resources; this percentage has only grown. Moreover, the personal fortunes of many government elites and oligarchs are directly tied to Russia's energy resources. Energy sanctions would have a serious impact on government funding and the attitudes of elites towards the conflict. It is probable that an energy embargo might halt the conflict in its tracks. However, at the same time these sanctions would have a devastating impact on Europe's economy. As of 2020, Russia accounted for approximately 27% of the EU's crude oil imports and over 40% of natural gas imports. Many eastern European states exclusively access energy resources via Russia and are therefore unwilling, and even unable, to impose an embargo. See BBC News. "What are the sanctions on Russia and are they hurting its economy?" September 30, 2022; Chon, Gina. "Russia punches economic hole above its weight." *Reuters*, March 16, 2022, Jennifer Rankin, Jennifer. "Hungary 'holding EU hostage' over sanctions on Russian oil." *The Guardian*, May 16, 2022, Eurostat. "From where do we import energy?"; and Ben King and Dearbail Jordan. "Russia in Debt Default as Payment Deadline Passes." BBC News, June 27, 2022.

²¹³ Drezner, "Sanctions Sometimes Smart," 100-103.

Policy Implications of the State's Political Structure

In *The Microfoundations of Sanctions*, Jonathan Kirshner argues that to understand the influence of sanctions on the behavior of leaders, researchers must understand the different causal mechanisms by which sanctions attempt to stimulate change. In any given target state, leaders are dependent on a specific core audience to remain in power, and this core audience varies contextually. Sanctions can bring about policy change via three pathways: (1) Leaders can determine that a simple cost-benefit calculus dictates that they concede to the sanctions sender; (2) Pressure due to the imposition of sanctions can lead to regime change either because the sanctions have weakened the leader's position with respect to his political opponents, or driven a wedge between the leader and his core audience leading them to defect and; (3) The sanctions can result in the balance of power shifting within the central government and its core, resulting in changes in its policy preferences.²¹⁴ Because different types of sanctions can influence target behavior via different pathways, Kirshner argues that it is imperative that scholars pay special attention to the economic and political pressures that sanctions impose on both target government and domestic audiences. As Kirshner explains, "In a given setting, one type of sanction might be appropriate for weakening the central government vis-à-vis its adversaries but have counterproductive effects regarding the cohesion of the core group support. Thus, policymakers must be sensitive to the mechanisms through which they expect their sanction to work."²¹⁵

My argument builds on Kirshner's microfoundational approach, emphasizing the importance of mapping the relationships between different actors within the target state, evaluating the relative economic costs sanctions impose on domestic groups, and assessing if and

²¹⁴ Kirshner, "The Microfoundations of Economic Sanctions," 32-64.

²¹⁵ Kirshner, "The Microfoundations of Economic Sanctions," 32-64.

how leaders will respond to these costs. In the following section I integrate Kirshner's approach with the logic expounded by Bueno de Mesquita *et al.* in *The Logic of Political Survival*²¹⁶ by exploring how the disruptive impact of sanctions that ultimately trigger a policy change, is conditioned by the interactive relationship between Sanction Type and a state's political institutions.

As noted above and discussed below, for many target states, domestic audiences are either unwilling or unable to oppose a leader following the imposition of sanctions. In these cases, the leader will have no incentive to alter the domestic policy regimen. However, under some scenarios sanctions will impose costs on primed audiences and unrest will result causing the leader to alter his policies. The nature of a leader's political institutions can lead to increases in either repression or cooptation contingent on the types of sanctions imposed. When the autocratic leader has a strong Loyalty Norm, the imposition of comprehensive sanctions will likely lead to an increase in Systemic Repression. In contrast, when autocratic leaders are facing rising domestic challengers and have a weak Loyalty Norm, the imposition of targeted sanctions will likely lead to an increase of Patronage. All other scenarios should result in no change in the autocrat's domestic policy choices. I explore the reasons for these trends in the following section.

Domestic Political Structure



²¹⁶ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

Like Bueno de Mesquita *et al.*,²¹⁷ I highlight the role of the Loyalty Norm in defining the behavior of political actors. Conceptually, the Loyalty Norm aims to measure how loyal members of the Winning Coalition are to the regime. Because loyalty cannot be measured directly, Bueno de Mesquita *et al.* constructed the Loyalty Norm as an approximation of the basic mechanisms that define this relationship. He argued that membership in the Winning Coalition is valued because elites derive some distribution of benefits from their membership. Leaders face constant challengers who aim to attract supporters away from the leader's Winning Coalition by presenting alternative payoff schemes. Members of the Winning Coalition want to ensure their continued access to benefits and understand that future coalitions may not include them—whether they support the challenger or not. The likelihood of future coalitions including a particular member is, in turn, conditional on the size of the Winning Coalition. As the size of the potential future coalition shrinks, the likelihood that any current member will participate in that new coalition also shrinks. Members want to ensure they retain their benefits, so loyalty to the current leader increases as the likelihood of membership in future coalitions decreases. Conversely, as the size of the Winning Coalition increases, the benefits of membership shrink since the leader's resources are finite. Using this logic, Bueno de Mesquita *et al.* define Loyalty Norm strength in terms of the risk of exclusion from future Winning Coalitions.²¹⁸ Specifically, they argue that as the risk of exclusion from future Winning Coalitions following defection increases, the strength of the Loyalty Norm also increases and the more loyal the Winning Coalition is to the leader. Mathematically, Bueno de Mesquita *et al.* define the Loyalty Norm as W/S and the risk of exclusion from future coalitions as $(1 - W/S)$.^{219, 220} States with smaller

²¹⁷ Bueno de Mesquita *et al.*, "The Theory: Definitions and Intuition," *Logic of Political Survival*.

²¹⁸ Bueno de Mesquita, *et al.*, "The Theory: Definitions and Intuition," *Logic of Political Survival*.

²¹⁹ The inverse of the ratio of the size of the Winning Coalition to the Selectorate.

²²⁰ Bueno de Mesquita *et al.*, *The Logic of Political Survival*, 134.

Winning Coalitions (W) and larger Selectorates (S) should have a stronger Loyalty Norm (W/S approaching 0) than states with smaller Winning Coalitions and smaller Selectorates (such as monarchies) or states with larger Winning Coalitions and larger Selectorates (such as democracies). The strength of the Loyalty Norm declines as the size of the Winning Coalition increases relative to the size of the Selectorate, and this has important implications for which threats the leader prioritizes following the imposition of sanctions.

Willingness to Defect



The likelihood of elite defection can be evaluated by assessing the strength of the Loyalty Norm. As noted above, when the Loyalty Norm grows weaker (W/S larger), members of the Winning Coalition will be less loyal to the existing regime since their membership has lost some of its value as the coalition grows larger and benefits consequently decline. They will be primed to defect and only need a catalyst. However, when the Loyalty Norm is strong (W/S smaller), members of the Winning Coalition enjoy greater security relative to the Selectorate and are less willing to defect. In essence, the Loyalty Norm's primary purpose, as conceived by Bueno de Mesquita *et al.*, is to measure the threat of elite defection, but they simply use different language.

Capacity to Revolt

While the basic logic of the Loyalty Norm is sufficient to explain when the Winning Coalition will defect, it does not adequately explain when the Disenfranchised will be more likely to revolt.²²¹ Whether or not the Disenfranchised will be primed to revolt is contingent on whether they have the support of the Selectorate. Given their higher status, members of the Selectorate are better organized and have greater access to resources. When the Selectorate supports the Disenfranchised, the Disenfranchised will be able to take advantage of their skills and resources to overcome collective action problems which previously halted mobilization. Closer examination of the structure of the Selectorate itself and the relationship between the Influentials, the Interchangeables, and the leader should shed light on when the Selectorate will be more likely to align with the Disenfranchised or Winning Coalition.²²²

I would contend that the ratio of Influentials to Interchangeables can also be proxied by looking at the ratio of the Winning Coalition to the Selectorate (the Loyalty Norm) since Influentials can be viewed as the trailing edge of the Winning Coalition. Like members of the Winning Coalition, Influentials may receive some private goods from leaders to secure their support, but not as much as members of the Winning Coalition itself. However, because they do not receive private goods or services, Interchangeables tend to prefer systemic structures that incentivize Public Goods.

²²¹ By extension, it can be assumed that when the elites are not threatening the leader (when the Loyalty Norm is strong), the leader is able to divert attention to the threat of a potential revolution. It can also be argued that because leaders are dependent on their Winning Coalition for support, they will naturally prioritize threats of elite defection over threats of revolution, all else being equal.

²²² To review, the Influentials and Interchangeables are two subsets of the Selectorate designated by Bueno de Mesquita *et al.* The Influentials, defined as the group that really chooses the leader, have real power, and will often be treated like an extension of the Winning Coalition who the leader patronizes with private goods. In contrast, the Interchangeables are viewed as simply a “pool of potential support.” While comparatively more elite, they receive no better treatment than the Disenfranchised. Which group the Selectorate aligns with should be determined by the ratio of Influentials to Interchangeables.

When the Loyalty Norm is strong, the ratio of Influentials to Interchangeables will be small, driving the Selectorate to align with the Disenfranchised, priming a revolution. When the Loyalty Norm is weak, the ratio of Influentials to Interchangeables will be larger, resulting in the Selectorate choosing not to revolt and either remaining neutral, supporting the autocrat, or joining the Winning Coalition if they defect. Influentials benefit from the existing institutions, and therefore are disinclined to revolt and call for regime change. When the Selectorate fails to join the revolt, the Disenfranchised will be left without the skills and resources necessary to overcome collective action problems, stifling a revolt.

Table 2.3: The Relationship between Political Structure and Threat

		Ratio	Selectorate	Potential Threat
Loyalty Norm	Strong	Smaller (Winning Coalition: Selectorate)	Smaller (Influentials: Interchangeables)	Threat of Revolution
	Weak	Larger (Winning Coalition: Selectorate)	Larger (Influentials: Interchangeables)	Threat of Elite Defection

The Interaction Between Sanction Type and Political Structure



The political structure of the state describes which groups are primed to challenge the leader, but no threats will arise without an external stimulus. In the absence of sanctions, leaders will be

able to repress or coopt growing threats using their pre-existing matrix of policy tools. However, the imposition of sanctions can stimulate an economic shock or crisis in the target state, forcing leaders to reevaluate their toolbox and sometimes introduce new policies.

Economic shocks both diminish the welfare of a leaders' constituents and reduce a regime's resources, limiting its capacity to implement different types of policies.²²³ Therefore, leaders are pressured by sanctions through multiple pathways including increased demand for policy changes from their constituents due to reduced welfare, and by the diminished resources and ability to provide the needed policy relief. Under the right conditions, economic sanctions can trigger or exacerbate either the threat of elite defection or the threat of revolution.

The discussion so far is summarized in the matrix below. The top row describes a state with a strong Loyalty Norm. In this scenario, the state has a small Winning Coalition and a large Selectorate. The Winning Coalition is loyal to the leader because they reap significant benefits from the current institutional framework. They will be unlikely to mobilize against the leader. Because the autocrat relies so heavily on Patronage in small coalition regimes, the Disenfranchised will be incentivized to mobilize if given an opportunity. Similarly, the Selectorate will be likely to align against the leader given how few benefits they reap from the current institutional structure and the small opportunity they have to participate in future Winning Coalitions.

²²³ Bueno de Mesquita, *et al.*, *The Logic of Political Survival*, 283.

Table 2.4: The Relationship Between Political Structure, Sanction Type, and Policy

		Sanction Type	
		Comprehensive	Targeted
Political Structure: Loyalty Norm	Strong	Threat of Revolution Systemic Repression	No Threat No Policy Change
	Weak	No Threat No Policy Change	Threat of Elite Defection Patronage

Comprehensive sanctions primarily impact the Disenfranchised. Because the Disenfranchised are already primed to revolt, the catalyst of comprehensive sanctions should result in a revolutionary uprising forcing the autocrat to interfere domestically. In this scenario, the leader will be most likely to respond to rising revolutionary threat using Systemic Repression as targeted policies would be too narrow in scope, and Public Goods risk disillusioning elites and further empowering the Disenfranchised.²²⁴

Targeted sanctions, in contrast, primarily impact members of the Winning Coalition. However, because this state has a strong Loyalty Norm, members of the Winning Coalition will be disinclined to defect as they are reaping significant benefits from their strong ties with the leader. The targeted sanctions do not impose sufficient costs on the Disenfranchised to overcome their collective action issues and, therefore, the state will remain in equilibrium and the leader's domestic policies will not change.

The bottom row of the matrix represents a state with a weak Loyalty Norm, meaning that (a) members of the Winning Coalition are less loyal to the autocrat and more likely to defect and; (b) the Selectorate is more likely to align with members of the Winning Coalition. In this case,

²²⁴ While Public Goods are sometimes used to quell rising revolutionary threat, they are most typically used when the Winning Coalition is relatively large, which will not be the case in most autocracies, particularly ones with the strong Loyalty Norms.

the primary threat posed by domestic audiences is elite defection. Again, comprehensive sanctions primarily impact the Disenfranchised. However, as previously discussed, when the Loyalty Norm is weak, the Disenfranchised will be less likely to obtain the support of the Selectorate and therefore lack the capacity necessary to revolt. At the same time, members of the Winning Coalition should not suffer significant costs due to sanctions as the elites are largely isolated from comprehensive sanctions. Therefore, the pre-existing threat level will remain the same, the state will stay at equilibrium, and the regime will not alter its domestic policies.

When targeted sanctions are imposed against a state with a weak Loyalty Norm, the Winning Coalition's allegiance to the leader is relatively limited. The added pressures of targeted sanctions should be sufficient to catalyze a coup in the absence of the regime implementing mitigating measures. Leaders will respond to the rising threat of defection by increasing their use of Patronage policies because coercive and non-exclusive policies are inefficient at constraining the Winning Coalition. Systemic policies such as Public Goods or Systemic Repression are too blunt to sufficiently ensure continued elite support. Leaders will also be hesitant to utilize coercive policies like Targeted Repression because it may further undermine elite support. The risk of elite defection is largely driven by increased concerns regarding the ability of the autocrat to credibly lead the regime and continue to distribute Patronage. The use of Targeted Repression will simply confirm elite's doubts and enhance the information problems driving defection, whereas expanding Patronage distribution can quiet elite concerns and help stabilize the regime.²²⁵ This discussion suggests the following hypothesis:

²²⁵ In this case, leaders would try to preempt any sort of domestic uprising from the Winning Coalition using Patronage.

Hypothesis One:

The impact of Loyalty Norm on a leader's domestic responses to sanctions is contingent on the Sanction Type imposed.

- A) When comprehensive sanctions are imposed: as the Loyalty Norm increases in strength, the leader's use of Systemic Repression increases.
- B) When targeted sanctions are imposed: as the Loyalty Norm increases in strength, there will be no change in the leader's use of Systemic Repression.
- C) When comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the Loyalty Norm decreases in strength, the leader's use of Patronage increases.

Policy Implications of the State's Economic Structure

Like the political structure of the state, the state's economic structure also conditions the relationship between the type of sanctions imposed, the behavior of domestic groups, and the leader's domestic policy choices by priming domestic groups to be more responsive to certain types of threats. The business of governance is costly, and the provision of policy can tax a state's resources. While economic structure can have many meanings, for the purposes of this project I define a state's economic structure as how leaders fund their government expenditures. While seemingly simplistic, when taken in context of the immensity of a state's economy, extensive research has demonstrated that the sources of a leader's revenue are hugely consequential and can have important implications for the relationship between leaders and domestic actors,²²⁶ the leader's domestic behavior,²²⁷ and questions of war and peace.²²⁸

²²⁶ Smith, "The Perils of Unearned Income," 780-793; Bueno de Mesquita, *et al.*, *The Logic of Political Survival*, 283; and Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

²²⁷ Kono, "Helping Hand or Heavy Hand," 615-629.

²²⁸ Patrick J. McDonald, "The Purse Strings of Peace," *American Journal of Political Science* 51, no.3 (July 2007): 569-582.

In this section I explore how these revenue streams impact the relationship between leaders and their domestic groups and in turn, condition the leader's vulnerability to different types of threats. I find that a leader's reliance on a specific Income Source affects his relationship with different domestic audiences. When leaders are more reliant on earned income, they tend to have closer ties to the Disenfranchised. In contrast, when they are reliant on unearned income, their bonds to the Winning Coalition are generally stronger. When sanctions are imposed, leaders are concerned with securing their Income Source and reducing the threat. This has two important implications when exploring the impact of economic structure and sanctions on leadership policy choices. First, leaders will only alter their policy matrix if following the imposition of sanctions domestic groups pose a viable threat. As discussed in detail above, groups only pose a viable threat when they have both the capacity and willingness to mobilize and challenge the leader through either elite defection or revolution. Otherwise, the regime will not alter its policy to conserve resources.²²⁹ Second, the Income Source appears to condition the impact of sanctions on a leader's use of cooptative policies, but seems to have little or no effect, positive or negative, on a leader's use of repression. To put it another way, I predict that the leader's source of income conditions their use of cooptative policies in response to sanctions but has no effect on their use of repressive policies; there is little if any relationship between economic structure and the leader's use of repression.

Domestic Economic Structure



²²⁹ Altering his policy matrix is costly due to transaction costs.

Smith (2008) and Bueno de Mesquita and Smith (2009) argue that governments obtain resources through two paths: earned income and unearned income.²³⁰ Earned income are those sources of revenue tied to the population's economic activities, such as taxation. Unearned income are those sources of revenue available without citizen compliance or participation. Examples include natural resource wealth or foreign aid. When leaders rely on earned income, such as taxation revenue, their reliance on and ties with the Disenfranchised strengthen and ultimately empower the Disenfranchised to better pose revolutionary threats. In contrast, when leaders are more reliant on unearned income for revenue, their ties to the Disenfranchised weaken allowing them to discount the threat of revolution while simultaneously placing greater emphasis on their relationship with the Winning Coalition. This ultimately allows the Winning Coalition to pose a significant threat of elite defection to the leader. I explore these dynamics below.

Willingness to Defect



As a regime's reliance on unearned income increases, its vulnerability to the Disenfranchised and revolutionary threats decline as the autocrat is not dependent on them as a source of income. Simultaneously, with increasing reliance on unearned income the regime becomes increasingly reliant on members of the Winning Coalition, and vulnerable to elite defection. The availability

²³⁰ Smith, "The Perils of Unearned Income," 780-793 and Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

of unearned income insulates leaders from the Disenfranchised making them less beholden to their preferences when shaping policy. Significant evidence suggests that reliance on unearned income such as foreign aid or natural resources increases the tendency of leaders to move towards more repressive and less democratic governance.²³¹ The shift away from democracy empowers new groups and generates a new constituency as leaders reorient policy to satisfy influential elites who can lobby the government for private goods.²³² Furthermore, as leaders shift away from more democratic and liberal policies, they must derive support from new sources. Elites step in to fill this void and provide leaders with a source of legitimacy. For example, Collier explains how unearned income can generate elite interests divergent from the Disenfranchised.²³³ These interests facilitate a mutually beneficial relationship between the autocrat and Winning Coalition promoting the redistribution of wealth into the hands of the Winning Coalition, while providing the leader with an alternative source of power as democracy declines.²³⁴ However, the regime's increased reliance on the Winning Coalition leaves it more vulnerable to elite defection. This suggests that as leaders become increasingly reliant on

²³¹ Bruce Bueno de Mesquita and Alastair Smith, "A Political Economy of Aid," *International Organization* 63, no. 2 (Spring 2009): 309-340; Smith, "The Perils of Unearned Income," 780-793; Kono, "Helping Hand or Heavy Hand," 615-629; Courtenay R. Conrad, and Jacqueline HR DeMeritt, "Constrained by the bank and the ballot: Unearned revenue, democracy, and state incentives to repress," *Journal of Peace Research* 50, no.1 (January 2013): 105-113; Shannon M. Pendergast, Judith H. Clarke, and G. Cornelis Van Kooten, "Corruption, Development and the Curse of Natural Resources," *Canadian Journal of Political Science* 44, no.2 (June 2011): 411-437; and Kristopher W. Ramsay, "Revisiting the Resource Curse: Natural Disasters, the Price of Oil, and Democracy," *International Organization* 65, no.3 (Summer 2011): 507-529.

²³² Bueno de Mesquita, *et al.* argue that all else being equal, leaders prefer to rely on private goods rather than Public Goods to maintain power as they become more efficient. See Bueno de Mesquita, *et al.*, *The Logic of Political Survival*, 500.

²³³ Paul Collier, "The Political Economy of Natural Resources," *Social Research* 77, no.4 (Winter 2010): 1105-1132.

²³⁴ Collier explains how unearned income can generate elite interests divergent from the Disenfranchised. Redistribution is more cost-effective than democracy and the smaller the size of the Winning Coalition, the greater the incentives for redistribution towards the elites so the leaders can retain any resources not expended on Patronage. Moreover, the presence of unearned income, particularly natural resources, can disrupt any democratizing forces by advantaging the strong over the weak, reinforcing rent-seeking behavior, and generating uncertainty. See, Collier "The Political Economy of Natural Resources," 1105-1132

unearned income, they become less vulnerable to the threat of revolution and more vulnerable to elite defection.

Willingness to Revolt

When leaders are reliant on earned income (such as taxation), they are more vulnerable to the threat of revolution by the Disenfranchised. The exact mechanisms of this relationship are uncertain. Some scholars highlight the role of increased demand for policy. For example, McGuirk uses micro-level survey data to show that taxation increases scrutiny of the regime's spending, resulting in a demand for better policy. When elites use natural resource rents to reduce taxation, the demand for accountability declines.²³⁵ Other scholars focus on how the need to collect taxes incentivize leaders to cultivate a disciplined and efficient bureaucracy that imposes fiscal oversight and accountability. For example, researchers have found that high tax rates and reduced social spending as a function of greater fiscal oversight and accountability can provoke greater demands for government accountability.²³⁶ Moreover, as ties between the Disenfranchised and the autocrat strengthen and the regime becomes more reliant on the Disenfranchised for funding and legitimacy, its resulting relationship with the elites should be discounted, weakening the threat of elite defection.²³⁷ An alternative argument focuses on how

²³⁵ Eoin F. McGuirk, "The illusory leader; natural resources, taxation and accountability," *Public Choice* 154, no.3/4 (March 2013): 285-313.

²³⁶ David Wiens, Paul Poast, and William Roberts Clark. "The Political Resource Curse: An Empirical Re-evaluation," *Political Research Quarterly* 67, no.4 (December 2014): 783-794; Kevin Morrison, "Oil, Non-Tax Revenue, and Regime Stability: The Political Resource Curse Reexamined," Paper presented at the Harvard University Comparative Political Economy Workshop. October 2005; Michael L. Ross, "Does Oil Hinder Democracy." *World Politics* 53, no.3 (April 2001): 325-361.

²³⁷ Smith has a different take on this dynamic. He suggests that as leaders liberalize, there will be potential costs and elites will value their relationship less because they derive less benefit from Public Goods than from private goods. While this may be accurate, I suspect Smith has overestimated the relative discount rates—while the elites might discount the relationship with leaders because they receive fewer private goods—raising the relative risk of elite defection, leaders will place proportionately even less value on their relationship than elites as they increasingly liberalize because they are in the process of essentially creating a new Winning Coalition by empowering the Disenfranchised. This substantially lowers the risk of elite defection. See Smith, "The Perils of

reliance on earned income also makes leaders more vulnerable to revolutionary threats because taxation empowers domestic audiences to become more organized, more educated, and develop tighter communication networks. A leader's desire to expand their own access to revenue generates incentives to promote education, encourage the growth of small businesses, and invest in human capital.²³⁸ These economic investments have secondary effects of empowering the Disenfranchised to overcome collective action problems and threaten leaders with revolution if they are insufficiently satisfied with domestic institutions.²³⁹ While the exact causal pathway remains uncertain, I anticipate that leaders who rely on taxation revenue to fund their government expenditures will develop closer ties and greater vulnerability to the Disenfranchised. This increased vulnerability will translate into an increased susceptibility to the threat of revolution.

The Interaction Between Sanction Type and Economic Structure



The political structure of the state describes which groups are primed to challenge the leader, but no threats will arise without an external stimulus. Similarly, the state's economic structure determines what type of threat leaders are most vulnerable to but, again, domestic groups will not challenge the leader without an external stimulus. In the absence of sanctions to upset the

Unearned Income," 780-793; and Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

²³⁸ Pendergast *et al.* "Corruption, Development and the Curse of Natural Resources," 411-437; Katherine Barbieri, *The Liberal Illusion*, (Ann Arbor: The University of Michigan Press, 2005)

²³⁹ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

existing balance of threats, regimes will continue to use their current matrix of policy tools to coopt or repress domestic groups and mitigate any brooding challenges. The imposition of sanctions, however, can potentially stimulate an economic shock in the state, upsetting existing domestic dynamics and forcing the leader to alter his existing matrix of policies.

If sanctions are targeted against the appropriate domestic group, leaders will be forced to re-evaluate their toolbox and introduce new policies. However, if the sanctions fail to target primed domestic groups no such change will happen because the groups affected by sanctions will lack either the capacity or willingness to challenge the leader. The matrix below describes four potential scenarios and demonstrates how different combinations of the state's economic structure, and the imposed Sanction Type can shape leadership behavior and policy outcomes.

Table 2.5: The Relationship Between Economic Structure, Sanction Type, and Policy

		Sanction Type	
		Comprehensive	Targeted
Economic Structure: Government's Income Source	Earned Income (Taxation)	Threat of Revolution Public Goods	No Threat No Policy Change
	Unearned Income (Natural Resources)	No Threat No Policy Change	Threat of Elite Defection Patronage

The first row describes a government whose primary source of income is derived through taxation. This implies that (a) the elite will be hesitant to defect and (b) the Disenfranchised will have greater capacity for revolution. As discussed above, when the government is reliant on earned income the Disenfranchised can mobilize more easily against the autocrat because they have greater resources, are more organized, and better connected through economic ties which

allows them to better overcome collective action. At the same time, in these cases the autocrat is more reliant on the Disenfranchised for revenue and he has weaker ties to the elite, causing members of the Winning Coalition to be more hesitant to defect. As a result, the threat of revolution is high, while the threat of elite defection is limited.

When the leader is reliant on earned income and the regime is subjected to comprehensive sanctions, which primarily impacts the Disenfranchised, the regime faces the threat of revolution. Leaders will respond to this threat using Public Goods expansion to pacify the Disenfranchised. Targeted policies, such as Patronage or Targeted Repression would be inefficient at quieting the Disenfranchised given the limited scope of these options. The use of Systemic Repression would serve to undermine the autocrat's earned income base, which is already suffering due to sanctions. Therefore, leaders will default to using Public Goods over Systemic Repression in response to rising revolutionary threats following the imposition of sanctions. Public Goods expansion does generate two possible challenges. First, due to the cost of Public Goods combined with sanctions, the autocrat will likely have to reduce Patronage, and this might provoke his Winning Coalition into action. However, antagonizing elites in this scenario is not too risky given that their relationship with him is relatively stable. More problematically, distributing Public Goods does run the risk of empowering revolutionary groups forcing the regime to further democratize. However, the autocrat can pick and choose which Public Goods are provided, slowing the forces of democratization. Further, if the leader is forced to exit after democratization, his exit is more likely to be peaceful given the nonviolence of the process.

When the leader is reliant on earned income for the primary source of revenue and is suffering targeted sanctions, which primarily impact members of the Winning Coalition, the

elites will remain hesitant to defect for several reasons. First, while targeted sanctions disproportionately impact elites, leaders are less vulnerable to elite defection when they rely on taxation as their primary revenue source. This means that the elites are less empowered and less capable of credibly challenging it. By extension, it can be deduced that when leaders are less reliant on the Winning Coalition, members of the Winning Coalition must be more cautious when exercising their political capital and a potentially unsuccessful defection can be catastrophic for their prospects. Second, whereas targeted sanctions certainly reduce the elites' and autocrat's resources, they do not undermine them altogether as leaders will continue to offset costs via taxation and patronize elites as before. Therefore, no policy changes are necessary, particularly if the leader also has access to external resources. Therefore, the state will remain in equilibrium and the leader's domestic policies will not change.

The cells in the lower row of the matrix refer to the case where the regime is heavily reliant on unearned income such as foreign aid or natural resource wealth. This implies that (a) Members of the Winning Coalition are less loyal to the autocrat and more likely to defect, and (b) The Disenfranchised will be insufficiently mobilized to revolt. In this situation, the primary threat posed by domestic audiences is the threat of elite defection. If comprehensive sanctions are imposed, primarily impacting the Disenfranchised, the leader's reliance on unearned income insulates the regime from the Disenfranchised and they are less able to overcome collective action problems. At the same time, members of the Winning Coalition do not suffer significant costs due to comprehensive sanctions as discussed previously. Therefore, the state will remain in equilibrium and the regime will not alter its domestic policies.

In contrast, when targeted sanctions are imposed against a state reliant on unearned income, the Winning Coalition is already primed to defect given the leader's reliance on the

elites and the costs they endure due to sanctions can trigger information problems, thus catalyzing elite defection. Leaders will respond to the rising threat of defection by increasing their use of Patronage policies to adjust the Winning Coalition's calculus of whether it is in their interest to defect and support a challenger whose affinity remains uncertain. Coercive and non-exclusive policies are insufficient to constrain the Winning Coalition and reduce information problems.

In short, following the imposition of sanctions, leaders will either not alter their policy regime or introduce a cooptative policy contingent on their primary source of income. Interestingly, there appears to be no explicit relationship between a state's economic structure and their use of repression when accounting for imposed Sanction Type. These considerations lead to Hypothesis Two:

Hypothesis Two:

The impact of Income Source on a leader's domestic responses to sanctions is contingent on the Sanction Type imposed.

- A) When comprehensive sanctions are imposed: as the leader's reliance on earned income increases, the leader's use of Public Goods increases.
- B) When targeted sanctions are imposed: as the leader's reliance on earned income increases, there will be no change in the leader's use of Public Goods.
- C) When comprehensive sanctions are imposed: as the leader's reliance on unearned income increases, there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the leader's reliance on unearned income increases, the leader's use of Patronage increases.

Concluding Remarks

The arguments presented in this chapter suggest that sanctions can meaningfully impact autocratic states if the appropriate sanctions are levied on an autocrat and conditioned for the political and economic structures of the target state. A few trends are particularly notable. First,

the state's Income Source appears to have no bearing on the leader's propensity to use a repressive policy once the Sanction Type is accounted for. Second, I predict that targeted sanctions will always elicit a leader to either increase his use of Patronage or do nothing, conditional on state structures and the source of most potent domestic threat. Third, this model does not anticipate any changes to the use of Targeted Repression in response to sanctions. If the regime is already employing Targeted Repression within its matrix of policies, it will continue to do so, but will not increase its use in response to sanctions. Fourth and finally, leaders will respond to comprehensive sanctions with either Systemic Repression or Public Goods (or no action), contingent on state structures. In what follows, I will assess the validity of these arguments using both quantitative and qualitative investigations.

Chapter Three: Methods

In Chapter Two I identified two hypotheses requiring detailed evaluation:

Hypothesis One:

The impact of Loyalty Norm on a leader's domestic responses to sanctions is contingent on the Sanction Type imposed.

- A) When comprehensive sanctions are imposed: as the Loyalty Norm increases in strength, the leader's use of Systemic Repression increases.
- B) When targeted sanctions are imposed: as the Loyalty Norm increases in strength, there will be no change in the leader's use of Systemic Repression.
- C) When comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the Loyalty Norm decreases in strength, the leader's use of Patronage increases.

Hypothesis Two:

The impact of Income Source on a leader's domestic responses to sanctions is contingent on the Sanction Type imposed.

- A) When comprehensive sanctions are imposed: as the leader's reliance on earned income increases, the leader's use of Public Goods increases.
- B) When targeted sanctions are imposed: as the leader's reliance on earned income increases, there will be no change in the leader's use of Public Goods.
- C) When comprehensive sanctions are imposed: as the leader's reliance on unearned income increases, there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the leader's reliance on unearned income increases, the leader's use of Patronage increases.

In this chapter I describe the data and research methodology I employed to test the validity of these claims. First, I describe and justify my use of the Mixed Methods Approach. Next, I detail my quantitative methodology by specifying the statistical tests employed in the study and examine my data sources and key variables. Following this, I briefly describe how I approached my case analysis, how I conducted my case selection, and review the methodological techniques I employed in this work.

A Mixed Methods Approach

I have adopted a mixed methods approach to evaluate the validity of my hypotheses. Johnson and Onwuegbuzie²⁴⁰ identify five rationales for conducting mixed-methods research: triangulation, complementarity, initiation, development, and expansion. *Triangulation* refers to the use of varying methods to study the same behavior, allowing for “the convergence and corroboration of results.”²⁴¹ *Complementarity* is understood here as the use of one method to clarify or elaborate upon the findings of another. Johnson and Onwuegbuzie describe *initiation* as the use of mixed methods to identify puzzles and contradictions, allowing one to reframe the motivating question and enhance the research. They further argue that a mixed methods approach allows for more *developed* and phased studies, using the findings of one phase of the study to inform another phase or method. *Expansion* refers to increasing the range and breadth of research by using different methods to assess various components. A mixed methods approach can strengthen my work’s insights through each of these pathways, but I am particularly interested in the benefits of triangulation. The promise of such convergent validation is that different methods can inform each other so that the “analytic payoff is greater than the sum of its parts.”²⁴²

I anticipate that both my quantitative and qualitative models will suffer from certain weaknesses. Broadly speaking, quantitative models excel at identifying overarching behavioral patterns and producing generalizable results but are less effective at exploring causality than

²⁴⁰R. Burke Johnson and Anthony J. Onwuegbuzie, “Mixed Methods Research: A Research Paradigm Whose Time Has Come,” *Educational Researcher* 33, no.7 (October 2004): 14-26.

²⁴¹ See also: Nigel G. Fielding, “Triangulation and Mixed Methods Designs: Data Integration with New Research Technologies,” *Journal of Mixed Methods Research* 6, no.2 (2012): 124-136 and

²⁴² Evan S. Lieberman, “Nested Analysis as a Mixed-Method Strategy for Comparative Research,” *The American Political Science Review* 99, no.3 (August 2005): 435-452.

qualitative approaches.²⁴³ In contrast, qualitative methods provide greater analytical depth than quantitative methods and are well-suited for exploring causal mechanisms. However, they are less effective at identifying broad patterns of behavior because of their limited scope.²⁴⁴ These general patterns hold true for my research. Although my quantitative results are generalizable, my statistical tests relied on indicator variables to measure several key concepts. My qualitative analyses clarified important causal mechanisms but are of limited breadth. Integrating qualitative studies with quantitative analysis strengthens my ability to tell a causal story while simultaneously producing generalizable results.

To test my theory I employed a quantitative-qualitative nested model design, based on the model described by Lieberman.²⁴⁵ His approach to mixing methods allowed me to leverage my quantitative models to identify the most appropriate cases for my qualitative models. The large-N models helped me identify the most interesting hypotheses, conduct preliminary plausibility tests, and evaluate general behavioral patterns, while the case studies allowed me to evaluate my theory's internal validity and investigate whether key variables interacted with each other through the expected pathways. Ultimately, this approach allowed me to conduct a more thorough evaluation of my theory than quantitative or qualitative techniques alone.

Quantitative Analysis

This project explores how political and economic structures condition the impact of different sanctions on leaders' policy choices. My hypotheses, as stated above, describe the expected policy choices leaders will make as a function of the relationship between state structures and

²⁴³ Fielding, "Triangulation and Mixed Methods Designs," 124-136.

²⁴⁴ Fielding, "Triangulation and Mixed Methods Designs," 124-136.

²⁴⁵ Lieberman, "Nested Analysis as a Mixed-Method Strategy for Comparative Research," 435-452.

Sanction Type. To assess the validity of my hypotheses, I employed a series of models, one for each sub-hypothesis, that evaluated how different types of sanctions influenced a leader's use of specific types of policies, conditional on either political or economic structures. In what follows, I explore my universe of cases, the data used, my key variables and my methodological approach.

Universe of Cases

In the development of my quantitative studies, I constructed a universe of cases (all potential observations that could be included in my study) that identified the appropriate observations for analysis. I restricted my universe of cases in three major ways: I limited my universe to (1) episodes where sanctions were imposed, (2) sanction episodes after 1980, and (3) non-democratic states.

A significant branch of sanctions research examines sanctions efficacy, and many of these scholars argue that sanctions are more effective when threatened but not imposed.²⁴⁶ However, this project is not focused on the utility of sanctions, but rather their domestic impact. Although the threat of sanctions may have some real-world impact on the politics of the target state, I am primarily interested in how the actual costs imposed by sanctions influence the behavior of the state and its leader. Therefore, I restricted my cases to only those episodes where sanctions have been imposed. The Threat and Imposition of Sanctions dataset (TIES) include a

²⁴⁶ Daniel W. Drezner, "The Hidden Hand of Economic Coercion." *International Organization* 57, no.3 (Summer 2003): 643-659 and Irfan Nooruddin, "Modeling Selection Bias in Studies of Sanctions Efficacy" *International Interactions* 28 (2002): 59-75.

variable identifying whether sanctions were imposed which I used to limit my case selection accordingly.²⁴⁷

I further restricted my cases to only those episodes starting in or after 1980, so all cases where sanctions were imposed prior to 1980 were excluded.²⁴⁸ This is for two reasons. First, the use of sanctions expanded dramatically starting in the 1980s, making this a good starting point for my analysis. Second, the types of sanctions employed shifted between the late 1990s and early 2000s, as comprehensive sanctions fell out of vogue with the acceptance of new international norms (see Chapter Two). By restricting my analysis to the two decades prior to 2000 and the two decades after 2000 (roughly), I was better able to attain a reasonable sample of episodes from both sides of this divide.

Finally, I only examined those cases where the target is an autocracy, or more accurately, not a democracy, since my theoretical arguments focused on the behavior of autocrats in response to the imposition of sanctions. This is admittedly a broad definition as several anocratic states are included within the episodes. I determined whether the regime was autocratic or democratic based on the Polity IV dataset for two reasons. First, the variable I used to define regime type, Polity II, is highly simplified—it defines regime type on a -10 to +10 scale. This was part of the appeal of this variable. However, it also makes several simplifying assumptions about the nature of regime type and fails to account for the diversity of autocratic structures. As Geddes *et al.* demonstrated, autocracies can take many forms and are not restricted to the most constrictive personalist regimes.²⁴⁹ Therefore, I wanted to allow sufficient variation in autocratic

²⁴⁷ T. Clifton Morgan, Navin Bapat, and Yoshi Kobayashi, “The Threat and Imposition of Sanctions: Updating the TIES dataset,” *Conflict Management and Peace Science* 31, no.5 (2014): 541-558.

²⁴⁸ I do expand, however, on this timeframe in my case studies to evaluate the temporal consistency of my theory.

²⁴⁹ Barbara Geddes, Joseph Wright, and Erica Frantz, “Autocratic Breakdown and Regime Transitions: A New Data Set,” *Perspectives in Politics* 12, no. 2 (June 2014): 313-331.

structure as that was one of my key areas of interest. To account for this, I allowed for greater flexibility on the Polity II scale and included all states that were not explicitly coded as democratic, including anocratic states. The Polity IV dataset²⁵⁰ defines democracies as those states achieving either a 6 or above on the Polity II scale, so I included all potential cases where the target scored a 5 or below.

Data

My Universe of Cases are structured at the target-year level of analysis, consisting of 523 observations extending across 56 states²⁵¹ and ranging temporally, from 1980-2017.²⁵² China experienced the most sanction years of any target in the sample (35 years), followed by Iran (34 years).²⁵³ The United States was the most common sanctions sender, by far. The dataset was compiled from several sources, including the TIES,²⁵⁴ Varieties of Democracy (VDEM),²⁵⁵ the World Bank,²⁵⁶ the Banks's Cross-National Time-Series (CNTS) dataset²⁵⁷ and several other variables. I describe the key sources below.

²⁵⁰ Monty G. Marshall (Director and Principal Investigator), "Polity IV Individual Country Regime Trends, 1946-2013," *Polity IV Project: Political Regime Characteristics and Transitions*, 1800-2013. <https://www.systemicpeace.org/polity/polity4x.htm> (accessed November 14, 2022).

²⁵¹ It uses the term state flexibly—it codes the EEC as a state.

²⁵² However, due to data availability and the fact that I split my dataset by sanction type, the actual subset of observations I will be analyzing is smaller.

²⁵³ Cuba was not included in the sample because sanctions were imposed prior to 1980.

²⁵⁴ Morgan, et. al., "The Threat and Imposition of Sanctions," 541-558.

²⁵⁵ Michael Coppedge, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Jan Teorell, David Altman, Michael Bernhard, Agnes Cornell, M. Steven Fish, Lisa Gastaldi, Haakon Gjerløw, Adam Glynn, Allen Hicken, Anna Lührmann, Seraphine F. Maerz, Kyle L. Marquardt, Kelly McMann, Valeriya Mechkova, Pamela Paxton, Daniel Pemstein, Johannes von Römer, Brigitte Seim, Rachel Sigman, Svend-Erik Skaaning, Jeffrey Staton, Aksel Sundtröm, Eitan Tzelgov, Luca Uberti, Yi-ting Wang, Tore Wig, and Daniel Ziblatt, "V-Dem Codebook v11.1," *Varieties of Democracy Project*, (March 2021).

²⁵⁶ The World Bank, "World Development Indicators," Data Catalog Version 15. <https://datacatalog.worldbank.org/search/dataset/0037712/World-Development-Indicators> (accessed November 14, 2022).

²⁵⁷ Arthur S. Banks and Kenneth A. Wilson, "Cross-National Time-Series Data Archive 2022," *Databanks International*. Jerusalem, Israel. <https://www.cntsdata.com/> (accessed November 14, 2022).

Target-Year Sanction Data, Derived from TIES

The TIES data was constructed at the episode level of analysis, where one observation describes one sanctions episode. For this project, I constructed a unique dataset which examines sanctions at the target-year level of analysis.²⁵⁸ Most quantitative sanctions research draw on three data sources: the Peterson Institute data (HSE),²⁵⁹ the Threat and Imposition of Economic sanctions data (TIES), and the Targeted Sanctions Consortium data (TSC).^{260,261} These data have the greatest geographical and temporal range.²⁶² However, with the exception of the Targeted Sanctions Consortium data, these sources are restricted to the episodic level of analysis.

Limiting sanctions research to the episodic level would have restricted my ability to conduct in-depth analysis of variations in behavior over time as well as limit the set of hypotheses that could be tested. The creation of a country-year dataset centered on the target state represents one of my contributions to sanctions research. For more details about the process of generating this dataset, please see Appendix 3.1.

²⁵⁸ It is plausible that other sanctions researchers have constructed a target-led sanctions dataset. However, an extensive review of the literature produced no similar projects that generated data with a similar size and scope to my project. One potential exception is the Targeted Sanctions Consortium data, which focuses its analysis on the target state and similarly accounts for multiple sanctioning episodes. See Thomas Biersteker, and Curt Gasteyger, “Targeted Sanctions Initiative,” Geneva Graduate Institute, Global Governance Center, 2018. <https://www.graduateinstitute.ch/research-centres/global-governance-centre/targeted-sanctions-initiative> (accessed November 14, 2022). However, the coverage of this dataset is somewhat more limited in scope, as the Targeted Sanctions Consortium data focuses its coverage on targeted sanctions imposed by the UN between 1991 and 2014.

²⁵⁹ Gary Clyde Hufbauer, Jeffrey Schott, Kimberly Ann Elliot, and Barbara Oegg, *Economic Sanctions Reconsidered*, 3rd ed. (NY: Columbia University Press, 2009).

²⁶⁰ Biersteker and Gasteyger, “Targeted Sanctions Initiative.”

²⁶¹ Özgür Özdamar and Evgeniia Shahin, “Consequences of Economic Sanctions: The State of the Art and Path Forward.” *International Studies Review* 23 (2021): 1660.

²⁶² Gabriel Felbermayr, Aleksandra Kirilakha, Constantinos Syropoulos, Erdal Yalcin, and Yoto V. Votov, “The global sanctions data base,” *European Economic Review* 129 (2020): 1-23.

Importantly, in this dataset I distinguish between target-year and meta-episode.²⁶³

Although my primary level of analysis for this dataset was the target-year, targets are often sanctioned by multiple senders at once. Episodic data typically divides different sanctions into individual episodes which can include more than one sender imposing sanctions on a particular target and, on occasion, more than one target. Often, there is overlap between these different sanctioning episodes, and targets can suffer simultaneous sanctioning episodes. However, the target state's economy does not distinguish between each sender or sanctioning episode, it simply degrades. To capture the idea of multiple sanctioning episodes flowing into one another, I use the term 'meta-episode' which refers to all various sanctioning episodes that run into one another without a meaningful break in time, which I defined as one year.

Logic of Political Survival

Important to my study are variables derived from Bueno de Mesquita *et al.*'s research in the *Logic of Political Survival* and associated works.²⁶⁴ However, the data in *Logic* extends only through 2005, so I extended several variables in the dataset through 2017, including measurements for the Selectorate, Winning Coalition and Loyalty Norm. While Bueno de Mesquita *et al.* provided a roadmap detailing how to extend this data, several of the original datasets were not easily accessible, so equivalent measurements needed to be identified. Key

²⁶³ The Targeted Sanctions Consortium similarly accounts for these considerations by examining different "sanctions regimes" divided into distinct episodes. See Biersteker and Gasteyger, "Targeted Sanctions Initiative."

²⁶⁴ Bruce Bueno de Mesquita, James D. Morrow, Randolph M. Siverson, and Alastair Smith, "An Institutional Explanation of the Democratic Peace," *The American Political Science Review* 93, no.4 (December 1999): 791-807 and Bruce Bueno de Mesquita and Alastair Smith, "Political Survival and Endogenous Institutional Change," *Comparative Political Studies* 42, no.2 (January 2009): 167-197.

measurements from the Banks dataset²⁶⁵ were accessible, making this endeavor possible. I will describe the process by which I extended this data in Appendix 3.2.

Other Datasets

I supplemented my core dataset with data from other sources including the World Bank,²⁶⁶ the Fraser Institute,²⁶⁷ the Banks CNTS Dataset,²⁶⁸ and the Penn World Tables.²⁶⁹ Two datasets that were particularly important to my research were the Varieties of Democracy Dataset (VDEM)²⁷⁰ and the Quality of Government Institute (QOG)²⁷¹.

Varieties of Democracies (VDEM)

The VDEM team consists of over fifty social scientists, consulting with more than three thousand country experts from all over the world, with the purpose of measuring all facets of democracy. To facilitate this, democracy is disaggregated into dozens of different components, and each component is then comprised of multiple indicators.²⁷² The entire dataset covers 202 countries, spans the period 1789-2022, and is updated yearly. Approximately half of the indicators are based on information derived from official documents and government records.

²⁶⁵ Arthur S. Banks and Kenneth A. Wilson. “Cross-National Time-Series Data Archive 2022.” Hereafter CNTS data.

²⁶⁶ The World Bank, “World Development Indicators.”

²⁶⁷ Fraser Institute. *Economic Freedom of the World: 2022 Annual Report* (September 8, 2022). <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2022-annual-report> (accessed November 14, 2022)

²⁶⁸ CNTS data.

²⁶⁹ Feenstra, Robert C., Robert Inklaar, and Marcel P. Timmer. “The Next Generation of the Penn World Table.” *American Economic Review* 105, no.10 (2015):3150-3182. <https://www.rug.nl/ggdc/productivity/pwt/related-research> (accessed November 14, 2022)

²⁷⁰ Coppedge *et al.*, “V-Dem Codebook v11.1”

²⁷¹ UNESCO, “QoG (Quality of Government) Data.” *World Trends in Freedom of Expression and Media Development*. (updated 2020) <https://www.unesco.org/en/world-media-trends/qog-quality-government-data> (accessed November 14, 2022).

²⁷² Coppedge *et al.*, “V-Dem Codebook v11.1”

The other measurements are more subjective and based on expert surveys. Typically, five experts provide ratings according to VDEM's coding system on a country and topical area. These scores are then compiled using VDEM's measurement model.²⁷³

Quality of Government (QOG)

The Quality of Government Institute has generated a dataset that evaluates the Quality of Government across a wide array of policy areas. The dataset compiles data from well-recognized datasets including the Organization for Economic Cooperation and Development (OECD), the World Bank's World Development Indicators (WDI), the Peace Research Institute Oslo (PRIO), the World Happiness Report, and other lesser-known datasets. The data are high quality and typically have extensive temporal and geographical coverage. I found the QOG dataset as particularly useful for identifying and accessing new data sources.²⁷⁴

Variables

The following section reviews the primary variables employed in this study. The dependent variables from my two hypotheses are policy choices and include (as described in Chapter Two) Patronage, Public Goods, and Systemic Repression.²⁷⁵ These policies, along with Targeted Repression, comprise a coherent framework intended to be both comprehensive and universal. My independent variables include Sanction Type, Loyalty Norm, and Income Source, as described below. The coding and sources of my control variables are detailed in Appendix 3.3.

²⁷³ Coppedge *et al.*, "V-Dem Codebook v11.1"

²⁷⁴ UNESCO, "QoG (Quality of Government) Data."

²⁷⁵ Because the hypotheses do not deal with Targeted Repression, I do not include any evaluations of Targeted Repression in my models, and the coding and construction of Targeted Repression is not discussed here.

Dependent Variables

My hypotheses explore changes in the use of these different policies. Specifically, they identify under what conditions Patronage, Public Goods or Systemic Repression are more or less likely to be used. When selecting my dependent variables, I paid close attention to how each variable operationalized underlying concepts and ensured that the proposed variables had adequate temporal and geographical coverage.²⁷⁶ For example, I have tried to ensure that the variable used to measure the leader's use of Systemic Repression was not accidentally capturing Public Goods or Targeted Repression. A related challenge was that few available variables directly measure the phenomena in question, and it was difficult to find variables that measured the 'volume' of policy. Instead, I often relied on proxies or variables that measured the levels of certain types of behavior. The available data also presented two additional challenges. First, many of the variables that measure relevant dimensions do not directly assess the phenomena of interest but rather generate comparative scales, such as whether a state relies more on Private Goods or Public Goods. In a similar vein, the variables often did not capture the entire policy directly, but simply one facet of it (i.e., exclusion, but not exclusion and cooptation). Because I drew my dependent variables from the VDEM dataset,²⁷⁷ preliminary inspections were conducted to ensure adequate variation over time.

²⁷⁶ International Relations and Comparative researchers often struggle to identify reliable data on autocracies during the best of times, as autocrats are known to be reluctant and biased self-reporters and autocracies are often challenging and/or dangerous places to travel. Data regarding the domestic behavior of autocracies during periods of international sanction had the potential to be even more challenging to identify.

²⁷⁷ Largely due to data coverage limitations, VDEM and proxy variables provided promising options, however many of these sources, such as VDEM, were coded by experts and vulnerable to stasis. This meant that I needed to carefully inspect the variables to ensure that there was sufficient variation to estimate my models.

Patronage

I measure Patronage using VDEM's Neopatrimonial Rule Index. In Chapter Two I defined Patronage as cooptative, exclusive policy tools that are applied directly to individuals or groups to shape their behavior. Patronage can be thought of as policies that "purchase" loyalty. Corruption and bribery, which typically receive negative connotations in today's parlance, are akin to such practices. In *Logic*, Bueno de Mesquita *et al.* implement a measurement of corruption as a proxy for private goods, establishing a precedent for such usage.²⁷⁸

VDEM's Neopatrimonial Rule Index evaluates the degree to which state rule is based on personal authority.²⁷⁹ VDEM researchers draw on the work of Clapham²⁸⁰ and Bratton and Van de Walle²⁸¹ when defining neopatrimonial rule. They argue that: "Neopatrimonial rule reflects the idea that personalist forms of authority pervade formal regime institutions (Clapham, 1985).²⁸² According to Bratton and Van de Walle (1997),²⁸³ a neopatrimonial regime is one that combines clientalistic political relationships, strong and unconstrained presidents, and the use of public resources for political legitimation."²⁸⁴ Based on this definition, VDEM researchers identify sixteen indicator variables²⁸⁵ and utilize Bayesian Factor Analysis to isolate three basic

²⁷⁸ Bruce Bueno de Mesquita, Alastair Smith, Randolph M. Siverson, and James D. Morrow, "A Model of the Selectorate Theory," *Logic of Political Survival*.

²⁷⁹ Rachel Sigman and Staffan I. Lindberg, "Neopatrimonialism and Democracy: An Empirical Investigation of Africa's Political Regimes," Working Paper, Series 2017:56. The Varieties of Democracy (V-Dem) Institute, University of Gothenburg (November 2017).

²⁸⁰ Christopher S. Clapham, ed, *Private patronage and public power: political clientelism in the modern state* (London: Frances Pinter, 1982).

²⁸¹ Michael Bratton and Nicholas van de Walle, *Democratic Experiments in Africa* (Cambridge: Cambridge University Press, 1997).

²⁸² Christopher Clapham. *Third World Politics: An Introduction*. London: Routledge, 1985.

²⁸³ Michael Bratton and Nicholas van de Walle, *Democratic Experiments in Africa* (Cambridge: Cambridge University Press, 1997).

²⁸⁴ Sigman and Lindberg, "Neopatrimonialism and Democracy: An Empirical Investigation of Africa's Political Regimes."

²⁸⁵ The variables include vote buying, particularist versus Public Goods, party linkages, executive respect for the constitution, executive oversight, legislature controls resources, legislature investigates the executive in practice, high court independence, low court independence, compliance with high court, compliance with judiciary, electoral management body autonomy, executive embezzlement and theft, executive bribes and corrupt exchanges, legislative corruption, and judicial corruption.

concepts, derived from these indicators, that define neopatrimonialism: Clientelism²⁸⁶, Presidentialism,²⁸⁷ and Regime Corruption²⁸⁸ The index is then created by taking the reverse point estimates of the analysis such that higher scores on the scale equate higher levels of neopatrimonialism.

The Neopatrimonialism Rule Index is not a direct measure of Patronage but serves as a proxy. However, whereas Clientelism and Regime Corruption speak directly to a leader's use of Patronage, Presidentialism evaluates the concentration of power in a single individual. As I later found in the case study of Nicaragua (Chapter Five), Presidentialism can bias the evaluation of Patronage. Alternatives to the Neopatrimonial Rule Index include the Bayesian Corruption Indicator Index (BCI Index),²⁸⁹ the Corruption Perception Index,²⁹⁰ or use of the sub-indexes clientelism or regime corruption from the Neopatrimonialism Index. However, both the Corruption Perception Index and the BCI Index provide inadequate temporal coverage. For the case of Nicaragua, the Clientelism and Regime corruption sub-indices did provide a clearer indicator of Patronage but, in general, these variables are too conceptually limited.²⁹¹ While the

²⁸⁶VDEM researchers argue that “clientilistic relationships include the targeted, contingent, distribution of resources (goods, services, jobs, money, etc.) in exchange for political support.” Sigman and Lindberg, “Neopatrimonialism and Democracy: An Empirical Investigation of Africa’s Political Regimes,” 291.

²⁸⁷ VDEM researchers define presidentialism as “the systemic concentration of political power in the hands of one individual who resists delegating all but the most trivial decision-making tasks.” Sigman and Lindberg, “Neopatrimonialism and Democracy: An Empirical Investigation of Africa’s Political Regimes,” 291.

²⁸⁸ VDEM researchers argue that “In systems of neopatrimonial rule, politicians use their offices for private and/or political gain. This index relates closely to V-DEM’s political corruption index, but it focuses more on a specific set of actors—those who occupy political offices—and a more specific set of corrupt acts that relate to the conception of corruption in literature on neopatrimonial rule.” Sigman and Lindberg, “Neopatrimonialism and Democracy: An Empirical Investigation of Africa’s Political Regimes,” 292.

²⁸⁹ Originally published by Sherppa Ghent University. Sherppa Ghent University; <http://users.ugent.be/~sastanda/BCI/BCI.html> (Data downloaded: 2018-07-03) and Samuel Standaert, “Divining the Level of Corruption: a Bayesian State Space Approach.” *Journal of Comparative Economics* 43, no.3 (2015): 782-803.

⁵¹Transparency International, “Corruption Perception Index.” <https://www.transparency.org/en/cpi/2020> (accessed November 23, 2022).

²⁹¹ While VDEM’s measures of clientelism and corruption have adequate temporal and geographic coverage, conceptually they paint a more limited picture by each focusing on only one element of neopatrimonialism.

Neopatrimonialism Rule Index is not ideal, it serves as an adequate proxy variable to paint a general picture of when leaders increase or decrease their use of Patronage.

When interpreting the Neopatrimonial Rule Index variable as my dependent variable, I assume that greater levels of neopatrimonialism equate higher levels of Patronage for the reasons already stated. This means that as the value for Neopatrimonialism increases, so too will the value for Patronage, with a maximum value of one and a minimum value of zero. Therefore, the within-sample prediction must fall between zero and one, and an increase of around 0.5 is equivalent to an increase of half the in-sample range. Table 3.1 below provides a basic statistical description of Patronage operationalized using the Neopatrimonial Rule Index.

Public Goods

Public Goods can be defined as policies that were both “cooptative and non-exclusive, meaning that they are imposed systemically and aim to generate public support by raising public welfare, increasing trust, and reducing costs in a systematic fashion. Examples of such policies include providing nationwide healthcare and the provision of public defense.”²⁹² Operationalizing Public Goods as a policy is particularly challenging for three reasons: First, Public Goods are comprised of a mixture of tangible²⁹³ and intangible²⁹⁴ policies, and few variables encompass both types of Public Goods. Second, there is a significant degree of overlap between variables that could measure Public Goods and those that evaluate Systemic Repression,²⁹⁵ so there is a significant risk of collinearity issues between the two sets of variables. Third, leaders often implement

²⁹² See Chapter Two

²⁹³ Such as public spending on defense, healthcare, and infrastructure.

²⁹⁴ Such as expanding freedoms of religion, freedom of speech, and permitting greater levels of personal liberties.

²⁹⁵ Theoretically, researchers often conflate the Systemic Repression and Public Goods conceptually as well, see Bueno de Mesquita and Smith, “Political Survival and Endogenous Institutional Change,” 179.

policies that appear to be Public Goods when they are in reality policies aimed at expanding the skillsets or abilities of their domestic audiences, thereby extending their personal wealth. Bueno de Mesquita *et al.* discuss this tendency in the *Dictator's Playbook*, where they argue that the portrayal of autocrats' programs aiming to expand basic literacy rates and extend access to core public health services as Public Goods is inaccurate; they should instead be viewed through the lens of the regime's attempt to strengthen its labor force and expand its base of wealth.²⁹⁶

I measure Public Goods using the VDEM's Equal Distribution of Resources Index.²⁹⁷ This index measures the extent to which tangible and intangible resources are evenly distributed within a society. Measures of both poverty and inequality are included within the index. The goal of many Public Goods such as public health systems, public education, a national highway system, and social security, is to redistribute wealth to at least some degree.²⁹⁸ This variable measures how well the state achieves that goal. The Equal Distribution of Resources Index²⁹⁹ is measured as an interval spanning from low (zero) to high (one) and is constructed as an index where the components are aggregated by taking the point estimates from a Bayesian factor analysis model. The components include the indicators for particularistic or Public Goods, means tested or universalistic welfare policies³⁰⁰, educational quality, and health equality.³⁰¹

²⁹⁶ Bueno de Mesquita, and Smith. *The Dictator's Handbook: PublicAffairs*, 2011), 108.

²⁹⁷ While the index was created to facilitate measuring and evaluating the nature of democracy, on the basis that both poverty and inequality reduce democracy, it can also help assess a state's reliance on Public Goods.

²⁹⁸ Theodore J. Lowi and Norman K. Nicholson, "Four Systems of Policy, Politics, and Choice," *Arenas of Power*.

²⁹⁹ Coppedge *et al.*, "V-Dem Codebook v11.1"

³⁰⁰ According to VDEM, "A means-tested program targets poor, needy, or otherwise underprivileged constituents. Cash-transfer programs are normally means-tested. A universal (non-means tested) program potentially benefits everyone. This includes free education, national health care schemes, and retirement programs. Granted, some may benefit more than others from these programs (*e.g.*, when people with higher salaries get higher unemployment benefits). The key point is that practically everyone is a beneficiary or potential beneficiary. The purpose of this question is not to gauge the size of the welfare state but rather its quality." See Coppedge *et al.*, "V-Dem Codebook v11.1," 162.

³⁰¹ For more detail, see Sigman and Lindberg, "Neopatrimonialism and Democracy: An Empirical Investigation of Africa's Political Regimes," 343.

The VDEM variable is technically attempting to gauge how evenly wealth and resources are distributed. To interpret VDEM's Equal Distribution of Resources Index as a proxy for Public Goods, I assume that as the value for VDEM's Equal Distribution of Resources Index increases, so too will the distribution of Public Goods by the state, since Public Goods are essentially a redistribution of wealth using systematic policy.³⁰² Table 3.1 below also provides a descriptive statistical summary of Public Goods, operationalized using VDEM's Equal Distribution of Resources Index.

³⁰² Lowi and Nicholson, "Four Systems of Policy, Politics, and Choice," *Arenas of Power: Reflections on Politics and Policy*

Table 3.1: Dependent Variables

Universe of Cases																			
Variable Information		All Episodes						Sanctions are Targeted						Sanctions are Comprehensive					
Variable	Range	N	Mean	Median	Min	Max	SD	N	Mean	Median	Min	Max	SD	N	Mean	Median	Min	Max	SD
Patronage	0 - 1	523	0.75	0.79	0.16	0.97	0.19	391	0.73	0.78	0.16	0.97	0.20	92	0.78	0.80	0.21	0.97	0.97
Public Goods	0 - 1	523	0.53	0.54	0.03	0.95	0.25	391	0.54	0.5	0.04	0.95	0.24	92	0.55	0.56	0.03	0.90	0.28
Systemic Repression	-1 - 0	523	-0.43	-0.44	-0.94	-0.01	0.26	391	-0.42	-0.45	-0.90	-0.01	0.26	92	-0.43	-0.43	-0.94	-0.01	0.31

Systemic Repression

In Chapter Two I defined Systemic Repression as policies that were coercive and non-exclusive, meaning that when autocrats used Systemic Repression, they were leveraging coercive policies against domestic groups in a non-discriminatory fashion—not targeting specific individuals—to compel obeisance. The application of Systemic Repression is widespread and generally affects large subsets of the population. Examples of Systemic Repression include censorship, curfews, martial law, and the use of mass killings during civil war.³⁰³

Modeling Systemic Repression has its own challenges. First, operationalizing Systemic Repression is tricky. Many existing variables that measure Systemic Repression also captured elements of either Targeted Repression—such as assassination or arrests—or are easily conflated with Public Goods. Second, Systemic Repression has both tangible and intangible elements.

Limiting freedom of speech and reducing transparency exemplify intangible expressions of Systemic Repression. Other examples of Systemic Repression are more tangible, such as expanded systematic violence, implementing a curfew, and increased taxation. Third and finally, I needed to find a measurement of Systemic Repression that had sufficient temporal and geographic spread and variation to be useful. I resolved these problems by constructing a new index using components of the VDEM civil liberties index.

³⁰³ As previously described, Valentino *et al.* established that civilians are often systematically targeted during civil war in non-democratic regimes. Therefore, when a mass killing episode takes place in a state currently experiencing a civil war, the episode should be considered part of a systematic policy and classified as Systemic Repression. When an episode of mass killing takes place in the absence of a civil war, it should be considered a non-systematic event and therefore an example of Targeted Repression. See Valentino *et al.*, “Draining the Sea: Mass Killing and Guerrilla Warfare,” 375-407.

The VDEM Civil Liberties Index evaluates the degree to which civil liberty is respected,³⁰⁴ defining civil liberties as “liberal freedom, where freedom is a property of individuals. Civil liberty is characterized by the absence of physical violence committed by government agents, and the absence of constraints of private liberties and political liberties by the government.”³⁰⁵ Conceptually and operationally, VDEM divides this variable into three components: Political Civil Liberties³⁰⁶, Private Civil Liberties³⁰⁷, and Physical Violence³⁰⁸. To construct the Civil Liberties index, VDEM generated sub-indices of the three components and identified and averaged the scores of all the sub-indices for each year to attain the final Civil Liberty Index value. I differ somewhat from the VDEM researchers since I am primarily interested in the repression of political and private liberties (as defined by VDEM researchers). While the inclusion of the Physical Violence Index serves the VDEM researchers well, it may obscure my estimation of Systemic Repression by integrating assessments of Targeted

³⁰⁴ Coppedge *et al.*, “V-Dem Codebook v11.1,” 292.

³⁰⁵ Coppedge *et al.*, “V-Dem Codebook v11.1,” 292.

³⁰⁶ VDEM defines political civil liberties as the extent to which civil liberties are respected, specifically they argue that “political liberties are understood as freedom of association and freedom of expression. Among the set of civil liberties, these liberal rights are the most relevant for political competition and accountability. The index is based on indicators that reflect government repression that are not directly referring to elections.” The index is formed using point estimates derived from a Bayesian factor analysis model. Included in the model are the following indicators: government censorship effort-media, harassment of journalists, media self-censorship, freedom of discussion for men, freedom of discussion for women, freedom of academic and cultural expression, party ban, barriers to parties, opposition parties’ autonomy, CSO entry and exit, and CSO repression; See Coppedge *et al.*, “V-Dem Codebook v11.1,” 293.

³⁰⁷ VDEM researchers define private civil liberties as “freedom of movement, freedom of religion, freedom from forced labor, and property rights. The Index is based on indicators that reflect government repression and are not directly referring to elections.” The index is formed using point estimates derived from a Bayesian factor analysis model. Included in the model are the following indicators: property rights for men, property rights for women, freedom from forced labor for men, freedom from forced labor for women, freedom of religion, religious organization repression, freedom of foreign movement, freedom of domestic movement for men, and freedom of domestic movement for women See Coppedge *et al.*, “V-Dem Codebook v11.1,” 293.

³⁰⁸ VDEM researchers understand physical integrity as “freedom from political killings and torture by the government. Among the set of civil liberties, these liberal rights are most relevant for political competition and accountability. The [political violence] index is based on indicators that reflect violence committed by government agents and that are not directly referring to elections.” The variable is derived by averaging to indicators: freedom from torture and freedom from political killings. See Coppedge *et al.*, “V-Dem Codebook v11.1,” 292-293.

Repression.³⁰⁹ To remedy this issue I constructed my own Civil Liberties Variable by averaging the scores of the political and private civil rights sub-indices.

Construction of a new variable based on VDEM's data and utilizing VDEM's straightforward approach resolved several of the challenges I previously outlined. First, I was able to avoid the inclusion of the most obvious examples of Targeted Repression, such as assassination and torture. Many ready-made measurements of repression do not allow researchers to easily separate different conceptual types.³¹⁰ An additional benefit of this measurement was that it addressed both the tangible aspects of Systemic Repression, such as bans on political party formation and property rights, as well as the more intangible aspects of Systemic Repression, such as freedom of religion and freedom of cultural expression. Finally, like other variables derived from the VDEM dataset, this variable has more than sufficient geographical and temporal coverage.

My measurement of Systemic Repression is operationalized as an interval variable where -1 indicates low or virtually no Systemic Repression and 0 connotes the highest levels of Systemic Repression. Anything outside of that range represents an out-of-scope prediction. Table 3.1 provides a descriptive statistical summary of Systemic Repression, operationalized using the average of VDEM's Political Civil Liberties index and Private Civil Liberties index.

³⁰⁹ The physical violence index evaluates the propensity of the state to engage in torture and political killings. See Coppedge *et al.*, "V-Dem Codebook v11.1," 293. These are classic forms of Targeted Repression.

³¹⁰ For example, the political terror scale used by Amnesty International, Human Rights Watch, and the US State Department integrate systemic and targeted forms of repression into one set of measurements and classify it as "terror." See Gibney, Mark, Linda Cornett, Reed Wood, Peter Haschke, Daniel Arnon, Attilio Pisanò, Gray Barrett, and Baekkwon Park. "The Political Terror Scale, 1976-2020," 2021. <http://www.politicalterrorsscale.org/> (accessed November 14, 2022) Freedom House's measurement also integrates measurements of political violence into their assessment of civil liberties, thus making it not well suited for my purposes. <https://freedomhouse.org/reports/freedom-world/freedom-world-research-methodology>

Independent Variables

In Chapter Two I identified three variables that played an important role in the policy choices of autocrats: Sanction Type, Loyalty Norm (which provides insight into the state's political structure), and Income Source (which provides important information about the state's economic structure). In the following sections, I discuss each of these variables.

Loyalty Norm

I am interested in Loyalty Norm as a measure of the relationship between the autocrat regime and its Winning Coalition. The Loyalty Norm is challenging to measure directly as it is both intangible and unobservable. Therefore, I adopted the approach introduced by Bueno de Mesquita *et al.*³¹¹ and proxied the Loyalty Norm by constructing a ratio of the relative sizes of the Winning Coalition to the Selectorate. This ratio predicts the likelihood of an individual's future membership in the Winning Coalition, presuming the leader were to be re-selected. As I explained in Chapter Two, the relative size of the Winning Coalition to the Selectorate should have important implications for not only members of the Winning Coalition and the leader, but also the Selectorate and Disenfranchised.

I utilized Bueno de Mesquita *et al.*'s measurement for Loyalty Norm, *WoverS*, as described in *Logic of Political Survival*. However, the dataset in *Logic* does not extend through my entire timeframe. To remedy this issue, I reconstructed the data using the formula supplied by Bueno de Mesquita *et al.* for *WoverS* to measure Loyalty Norm.³¹² Table 3.2 below provides

³¹¹ Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 151.

³¹² In *Logic of Political Survival* Bueno de Mesquita *et al.* recommends transforming *W/S* into *WoverS* to avoid division by 0 in the instance where *S* = 0 (no legislature). The dataset associated with *Logic* casts the Loyalty Norm in terms of *WoverS*, so I do as well; Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 151.

a basic statistical description of the variable, Loyalty Norm, and Appendix 3.2 supplies additional details of how this variable was coded.

$$WoverS = \frac{W}{\log \frac{10 \times (S + 1)}{3}}$$

Bueno de Mesquita *et al.* conceptualize the Loyalty Norm as a continuous variable spanning from 0 (strong) to 1 (weak).³¹³ However, to avoid confusion, I use $revWoverS = - (WoverS)$ so that the value increases as Loyalty Norm grows stronger (approaches zero).

$$revWoverS = \frac{-W}{\log \frac{10 \times (S + 1)}{3}}$$

³¹³ Note that the maximum value of W/S is normalized to 1 by the maximum value of W , which is 4; See Bueno de Mesquita, *et al.*, *Logic*, 215.

Table 3.2: Independent Variables

Universe of Cases																			
Variable Information		All Episodes						Sanctions are Targeted						Sanctions are Comprehensive					
Variable	Range	N	Mean	Median	Min	Max	SD	N	Mean	Median	Min	Max	SD	N	Mean	Median	Min	Max	SD
Loyalty Norm	-1 - 0	517	-0.19	-0.25	-0.50	0	0.13	388	-0.20	-0.25	-0.50	0	0.12	89	-0.12	0	-0.50	0	0.13
Income Source	-5 - +5	504	-0.49	-0.59	-3.98	2.25	1.32	388	-0.52	-0.65	-3.98	2.18	1.16	86	-0.56	-0.59	-3.98	2.25	1.95
Sanction Type	0 - 1	483	0.19	0	0	1	0.39	391	0	0	0	0	0	92	1	1	1	1	0

Income Source

Bueno de Mesquita and Smith argue that leaders who have access to "free resources" or unearned income are reliant on domestic audiences via taxation for income because they have access to resources that are independent of domestic audience's labor.³¹⁴ Earned Income is a product of a domestic audience's economic activity and grows as a function of the domestic audience productivity. Earned income ties domestic audiences to the autocrat directly. Unearned income is derived from external sources such as natural resource wealth and foreign aid.³¹⁵ Unearned income has been operationalized in different ways, including natural resources or oil rents,³¹⁶ foreign aid, or as government measures of non-tax revenues.³¹⁷

While these measurements directly evaluate government reliance on earned and unearned income, they tend to suffer from one of two problems. Measurements that focus on oil and natural resource rents or foreign aid only tell a partial story. While many states derive unearned income from these sources, unearned income is not restricted to these sources. Examples of other forms of unearned income include profits from State Owned Enterprises and interest from financial assets. Failure to account for these alternative forms of unearned income can lead to systematic biases. In contrast, measurements of Income Source, such as non-tax receipts, tend to be more all-encompassing and account for many more sources of unearned income. However, such sources, such as the WDI indicator used by McDonald generally rely on government

³¹⁴ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

³¹⁵ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

³¹⁶ Bueno de Mesquita and Smith, "Political Survival and Endogenous Institutional Change," 167-197.

McDonald, Patrick J. "The Purse Strings of Peace." *American journal of Political Science* 51, no.3 (July 2007): 569-582.

³¹⁷ Specifically, McDonald measures the volume of unearned income obtained by the state using a WDI indicator that measures the proportion of annual receipts derived from sources other than taxes, including the sale of public property, interest from financial assets, profits from State Owned Enterprises, rents from natural resources, dividends from publicly owned corporations, etc. See Patrick J. McDonald, "The Purse Strings of Peace," *American Journal of Political Science* 51, no.3 (July 2007): 575.

reported intelligence and have large volumes of missing data. The targets that I am particularly interested in, autocracies that have been sanctioned, are even less likely to report their economic information to NGO's and IGO's.

VDEM offers two variables that either directly or indirectly evaluate the state's Income Source: 'State Fiscal Source of Revenue' and 'State Ownership of the Economy'. 'State Fiscal Source of Revenue' directly evaluates which income sources the government relies on. To generate this assessment, VDEM researchers ask experts to determine whether a certain country in a given year is most reliant on external sources of funding, direct control over economic assets, property and trade taxes, or taxes on economic transactions to fund their government's activities, or, if they are unable to raise sufficient revenue to support themselves.³¹⁸ If I were to use this variable in my models, I would aggregate its values into unearned income (external sources and direct control over economic assets), earned income (taxes), and insufficient income. This would be necessary because my theory does not discriminate between different forms of earned income and unearned income. While this measurement is a direct assessment of income source, it lacks sufficient variation in the degree of reliance on each type as for my purposes, it is functionally binary. An ordinal or continuous variable would be more useful and VDEM's measurement of 'State Ownership of the Economy' serves as an adequate alternative.

State Ownership of the Economy does not directly evaluate the degree to which the government is reliant on earned or unearned income. Instead, it assesses how many sectors of the economy and/or how much capital within the state is directly or indirectly controlled by the government. Ostensibly, higher levels of state economic ownership should correlate with greater government reliance on unearned income and lower levels of state economic ownership should

³¹⁸ Coppedge *et al.*, "V-Dem Codebook v11.1"

indicate greater government reliance on earned income. As with many other non-index variables sourced from the VDEM project, State Ownership of the Economy was coded by experts. A panel of experts received the following question for each country in their area and timeframe of expertise:³¹⁹

Question:

Does the state own or directly control important sectors of the economy?

Responses:

- 0: Virtually all valuable capital belongs to the state or is directly controlled by the state. Private property may be officially prohibited.
- 1: Most valuable capital either belongs to the state or is directly controlled by the state.
- 2: Many sectors of the economy either belong to the state or are directly controlled by the state, but others remain relatively free of direct state control.
- 3: Some valuable capital either belongs to the state or is directly controlled by the state, but most remains free of direct state control.
- 4: Very little valuable capital belongs to the state or is directly controlled by the state.

Once the VDEM researchers received their response, they aggregated findings from each expert using the Bayesian item response theory measurement model. Data was made available in a variety of formats; I used data where the ordinal variable was converted to interval format to better facilitate my analysis. The interval ranged from -5 to 5 where scores between a -5 and 0 indicate high levels of unearned income, scores close to zero indicate that the state is reliant on mixed sources of income, and scores coded between 0 and 5 indicate that the state was reliant on increasingly higher levels of earned income. Basic descriptive statistics characterizing Income

³¹⁹ Michael Coppedge, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Jan Teorell, Kyle L. Marquardt, Juraj Medzihorsky, Daniel Pemstein, Nazifa Alizada, Lisa Gastaldi, Garry Hindle, Josefine Pernes, Johannes von Römer, Eitan Tzelgov, Yi-ting Wang, Steven Wilson, "V-Dem Methodology," *12 Varieties of Democracy* (V-Dem) Project, 2022.

Source, operationalized as VDEM's Measurement of State Ownership of the Economy (Interval) are also shown in Table 3.2.

Sanction Type

I constructed a measure of Sanction Type when I created the Target-Year data from the TIES data source. The actual variable Sanction Type in the TIES data consists of ten different types of sanctions.³²⁰ To generate Sanction Type, I disaggregated the values for Sanction Type in the TIES data and coded sanctions that included either blockades or complete halts to all economic exchanges as comprehensive sanctions. All other types of sanctions—partial import sanctions, partial export sanctions, travel bans, financial sanctions, etc. were coded as targeted sanctions since they were narrower in scope.³²¹ For a given target year, if any sender imposed comprehensive sanctions, I classified the sanctions as comprehensive.³²² Otherwise, the sanctions were coded as targeted.

To be clear, if a target-state, such as Iran, is under a comprehensive sanction by the United States as well as Great Britain, it is coded as experiencing comprehensive sanctions. If both the United States and Great Britain impose targeted sanctions in a given year, the variable is coded as targeted sanctions. If the United States imposed comprehensive sanctions on Iran while the United Kingdom imposed targeted sanctions, the observation would still be coded as

³²⁰ The specified sanction types include Total Economic Embargo, Partial Economic Embargo, Import Restriction, Export Restriction, Blockades, Asset Freeze, Termination of Foreign Aid, Travel Ban, Suspension of Economic Agreement, and Other.

³²¹ I tried to align my coding system with the logic described by Jonathan Kirshner, "The Microfoundations of Economic Sanctions," *Security Studies* 6, no.3 (Spring 1997): 32-64.

³²² Comprehensive sanctions are a rare but relatively devastating occurrence and tend to cluster. While occasional asymmetrically weaker, dependent countries impose comprehensive sanctions on their stronger counterparts, the dynamic is typically reversed making any incident of comprehensive sanctions economically costly. Moreover, there is a marked difference between the relative scope of comprehensive and targeted sanctions. For these reasons, it is better to classify the problematic case of a meta-episode comprised of several targeted sanctions and only one comprehensive sanction as comprehensive rather than targeted.

comprehensive. Table 3.2 reviews the basic descriptive statistics characterizing the Sanction Type variable.

Quantitative Methodological Approach

To conduct a preliminary assessment of the validity of my hypotheses, I estimated a series of regression models to evaluate how the state's economic or political structure influences the leader's policy choices, contingent on the type of sanctions imposed. For each sub-hypothesis I estimated the effect of an increase in either the leader's Loyalty Norm or Income Source on the leader's use of a specific policy, conditional on Sanction Type and controlling for intervening variables (see Appendix 3.3).³²³ For example, to assess Hypothesis One: C I estimated a model assessing the impact of increasing the leader's Loyalty Norm from weak (-1) to strong (0) on the leader's use of Patronage when comprehensive sanctions were imposed. Systemic Repression was also scaled from -1 (virtually no Systemic Repression) to zero (maximum levels of Systemic Repression). I found that, on average and holding all else constant, we can expect over an 80% increase in Systemic Repression following a one unit increase in the strength of the Loyalty Norm.³²⁴ Each of my hypotheses were assessed in this manner.

While the basic logic behind my quantitative analysis was relatively straight-forward, its application proved challenging. As previously alluded to, my hypotheses and data structure presented several challenges that I needed to address through careful research design and empirical modeling. Three elements posed potential complications: the conditionality of my

³²³ These intervening variables include: the degree of international conflict, transparency, real GDP per capita, growth, trade openness, population, and issue salience to the target state.

³²⁴ See Chapter Four for more detail.

hypotheses, the panel structure of my data, and the problem of selection bias. I will examine each of these challenges in turn and discuss how I addressed them.

Conditional Hypotheses

Conditional Hypotheses are used when researchers anticipate that the impact of independent variable X on dependent variable Y is contingent on the interactive variable Z. Typically, scholars use interactive models to evaluate the three-way relationship between X, Y and Z. However, evaluating interactive models can be tricky since they are often plagued by multicollinearity problems and are prone to misinterpretation.³²⁵ In order to avoid these challenges, I elected not to estimate interaction models but instead divide my universe of cases by the type of sanctions imposed: targeted or comprehensive. I then examined how each type of sanction impacted the leader's use of different policies as a function of the leader's Loyalty Norm or Income Source (depending on the specific hypothesis). This approach linked my empirical methodology more closely to my theoretical framework, as each hypothesis only assesses the impact of either comprehensive *or* targeted sanctions on behavior. Estimating my models using a restricted universe of cases, as determined by my hypotheses, focused my study and facilitated comparisons.

³²⁵ In extreme cases, perfect correlation can occur, causing predictors to be dropped. This is more likely when there are limited degrees of freedom, as observed in RE-Models, and it happened in at least one of my models. Brambor *et al.* argue that while interactive models are common in political science literature, they are typically wrongly implemented and inaccurately interpreted. They argue that two common mistakes analysts making when interpreting interaction models is 1) interpreting constitutive terms as unconditional marginal effects and 2) failing to calculate substantially meaningful marginal effects and standard errors. Beyond these difficulties, interactive models often cause multi-correlation issues between the independent variables, depressing the statistical significance while blowing up the R-squared values, making interpretation tricky. See Thomas Brambor, William Roberts Clark, and Matt Golder, "Understanding Interaction Models: Improving Empirical Analyses," *Political Analysis* 14, no.1 (Winter 2006): 63-82.

Panel Data

Panel data are notoriously difficult to work with, and several different models and estimation procedures have been proposed to address the challenges posed by these types of data. I employed a two-step approach to selecting the most appropriate model structure. First, I identified my preferred model type based on theoretical and empirical considerations. Initially, I opted to use a Random Effects Model with Robust Standard Errors because the theory motivating my project suggested that most alternative techniques would be inappropriate or less efficient. See Appendix 3.4 for a more detailed explanation of this decision. My theory examines the impact of political and economic structures on behavior, this means that many of my variables of interest are slow moving by nature. The most common alternative to Random Effects Models, the Fixed Effects Models, would struggle to evaluate the impact that slow-moving independent variables such as Loyalty Norm or Income Source would have on policy change. Ultimately, Fixed Effects models are vulnerable to producing inefficient estimates of the coefficients and underestimating the strength of the relationship between my variables. Despite my theoretically driven preferences, *post-hoc* tests³²⁶ revealed that in some cases, either Fixed Effects or pooled OLS Models³²⁷ generated more reliable and efficient predictions. In

³²⁶ These tests included evaluating the missingness patterns and assessing whether my data suffered from heterogeneity or autocorrelation problems. While testing did provide some evidence of cross-sectional and temporal dependence, this was not particularly surprising given that I was working with panel data. I resolved these challenges through the inclusion of Robust Standard Error Terms in each of my models. Notably, testing did suggest the presence non-stationarity of panel unit roots. However, both my targeted and comprehensive panels were characterized by unbalanced panels. Although the Ts in most cases were relatively short, few observations had a T over 30, the number of N varied across the two panels substantially and the T varied from observation to observation as the length of sanction episodes is highly variable. Scholars generally agree that tests for panel unit roots are unreliable for relatively low Ts. See Badi H. Baltagi, Georges Bresson, and Alain Pirotte, "Panel Unit Root Tests and Spatial Dependence," *Journal of Applied Econometrics* 22, no.2 (March 2007): 339-360. This means that the panel unit root tests I utilized were unreliable. For this reason, I chose not to cointegrate my data.

³²⁷ For my Random Effects Models, I utilized a Robust Standard Error Term. For my Fixed Effects and Pooled Models, I included a Driscoll and Kraay's Standard Errors. See Daniel Hoechle, "Robust standard errors for panel regressions with cross-sectional dependence." *The Stata Journal* 7, no. 3 (2007): 281-312.

these cases, I opted for the more statistically sound specification suggested by my testing.³²⁸

After finalizing my model specifications, I generated graphs to assist in interpretation and reviewed my results as presented in Chapter Four.

Selection Bias

Sanctions researchers often use selection models to account for the challenges posed by states that ‘select into sanctions.’³²⁹ However these studies tend to focus on research surrounding sanctions outcomes.³³⁰ My project focuses on how the imposition of sanctions impacts the behavior of leaders. I am interested in what happens once sanctions are imposed, not examining the entire bargaining dynamic between sender and target. Therefore, the question of whether sanctions are opted into, or not, is effectively outside the scope of my project.³³¹ Data limitations

³²⁸ I used the approach outlined by Park to evaluate model specification. He suggests first evaluating whether the use of a random effects model is appropriate in comparison to a pooled model using a Breusch and Pagan LM test. If the RE Model is accepted, he then suggests comparing the fit of a RE Model versus a FE Model using a Hausman test and selecting whichever is most efficient. For details, see Hun Myoung Park, “Practical Guides to Panel Data Modeling: A Step-by-Step Analysis Using Stata.” Tutorial Working paper. Graduate School of International Relations, International University of Japan, 2011, “A Practical Guide to Panel Data Modeling: A Step by Step Analysis Using Stata,” 2011.

³²⁹ Daniel W. Drezner, “Conflict Expectations and the Paradox of Economic Coercion,” *International Studies Quarterly* 42, no.4 (December 1998): 709-731; Daniel W. Drezner,), “A Model of Economic Coercion,” *The Sanctions Paradox: Economic Statecraft and International Relations*, (Cambridge: Cambridge University Press, 1999); Nooruddin, “Modeling Selection Bias In Studies Of Sanctions Efficacy,” 59-75; Navin A. Bapat and Bo Ram Kwon, “When Are Sanctions Effective? A Bargaining and Enforcement Framework,” *International Organization* 69, no.1 (Winter 2015): 131-162.

³³⁰ Much of the research on sanctions explores the fundamental question of sanctions efficacy, or put bluntly, “do sanctions work?” One finding these scholars have uncovered is that the threat of sanctions is often more effective at ‘achieving success’ than sanction imposition itself. In other words, sanctions imposition can be viewed as a bargaining failure because the target is essentially calling the sender’s bluff. When targets fail to concede to sender demands, researchers describe them as “selecting into” sanctions. Researchers suggest that the use of a Heckman Model or other approaches that minimize selection bias might be useful due to these mechanisms. This logic is sound, and use of such tools is appropriate in the study of sanctions outcomes; however, my research is focused on different mechanisms. See David A. Baldwin, “National Power and Economic Statecraft,” *Economic Statecraft*, new edition. (Princeton: Princeton University Press, 2020); Drezner, Daniel W. “A Model of Economic Coercion,” *The Sanctions Paradox*; David A. Baldwin and Robert A. Pape, “Evaluating Economic Sanctions,” *International Security* 23, no.2 (Fall 1998): 189-198; Adrian U-Jin Ang and Dursun Peksen, “When Do Economic Sanctions Work? Asymmetric Perceptions, Issue Saliency, and Outcomes,” *Political Research Quarterly* 60, no.1 (March 2007): 135-145; and Bapat and Kwon, “When Are Sanctions Effective?” 189-198.

³³¹ It is plausible that the type of leaders who opt into sanctions may alter their domestic policies in response to sanctions in a way that leaders who do not opt into sanctions would not. While this is a question that

can also motivate the use of models that account for potential selection problems. Panel data (and data in general) can suffer from selection problems due to non-random missingness or biased sampling patterns.³³² However, evaluation of my data suggested that the missingness pattern did not require the introduction of a selection model, as the pattern was MAR (Missing at Random) not MNAR (Missing not at Random).³³³ In short, a selection model proved unnecessary.

Qualitative Methods

My qualitative analysis consists of two Case Studies. The first (Chapter Five) examines how the imposition of comprehensive and targeted sanctions on Nicaragua influenced the Sandinista's use of Systemic Repression and Patronage during the 1980s. In this study I focused my attention on the political structure hypotheses, specifically Hypotheses One: B and C. Chapter Six examines how the imposition of sanctions impacted the Qadhafi regime's use of Patronage between 1978 and 1999. This case study focuses on the role that a state's economic structure plays in shaping behavior when sanctions are imposed specifically addressing Hypotheses Two: C and D.

might deserve further study, it requires the construction of counterfactual scenarios that would not be very useful to my more practical concerns.

³³² William H. Greene, *Econometric Analysis*, 7th ed. (Boston: Pearson, 2012), 293.

³³³ A MNAR missingness pattern suggests that there is a systematic reason why some of the data is missing from a dataset and often requires the use of a selection model. Little's Missingness Test demonstrated that the missingness pattern was not completely at random (MCAR). However, further evaluation of the data showed that the missingness pattern more closely approximated MAR rather than MNAN. Given these findings, I felt confident moving forward without integrating a selection model. Roderick J. A. Little, "A Test of Missing Completely at Random for Multivariate Data with Missing Values," *Journal of the American Statistical Association* 83, no. 404 (December 1988): 1198-1202.

I adopted a mixed methods approach to determine which cases would be the best fit to my quantitative analysis. This allowed me to conduct a more comprehensive test of my predictions by maximizing the benefits of both quantitative and qualitative methodologies. Mixed methods approaches are most powerful when case selection and methodology are intentional, and each method leverages information from the other to both maximize information and focus the direction of the study. After identifying a series of limiting factors,³³⁴ I used a nested quantitative-qualitative research design³³⁵ to identify a viable pool of cases.³³⁶ Ultimately, this process led me to identifying Libya (1978-1999) and Nicaragua (1981-1990) for my two case studies.

I evaluated my cases using process tracing methods. First, I divided each case into separate sub-cases that serve as independent tests of the hypotheses. Before diving into the details of each sub-case, I overview the main actors, summarize the general trends observed in my independent and dependent variables, and identify potential alternatives for the observed

³³⁴ Factors include the following: First, there should be two episodes, one examining Hypothesis One: C and D and another examining Hypothesis Two: C and D. During my first case study of Hypothesis One, I would control for the role of economic structure and other contextual factors, I would not evaluate the impact of economic structure on behavior as a primary variable. Similarly, when evaluating my second case study (Hypothesis Two) I planned (and did) control for the role of political structure and other contextual factors. I did not evaluate the impact of political structure on behavior as a primary variable. Second, I selected cases where both comprehensive and targeted sanctions were imposed to fully test both ‘C’ and ‘D’. Finally, I decided to expand my pool of cases by eliminating the requirement that sanctions must be imposed on or after 1980. Notably, this is not a limiting factor, but it did alter the viable pool of cases.

³³⁵ Lieberman, “Nested Analysis as a Mixed-Method Strategy for Comparative Research,” 435-452.

³³⁶ Lieberman suggests choosing cases that either all have small residuals, that is, they are all “on the line”, or a mixture of cases with small residuals and large residuals, that is “off the line” cases. See Lieberman, “Nested Analysis as a Mixed-Method Strategy for Comparative Research,” 435-452. Due to the complexity of my quantitative analysis, I could not directly follow this procedure as the residuals were not accessible for all of my models. That being said, my goal was to identify cases that were essentially “on the line.” So, rather, than using residual data, I employed descriptive statistics to map the variation of each potential case for all four hypotheses. I identified a pool of cases based on their scores on the independent and dependent variables that were relevant to that hypothesis. I then examined the variation in Patronage according to my quantitative variables, to see if it was consistent with my quantitative results, and if so, I included the case as an option for my study. The process was imperfect and required some flexibility on my cut-off points, but I eventually identified a pool of cases. Once I did this, I evaluated each potential case considering other contextual factors, such as geographical and temporal variation, if military conflict was taking place during the sanction period, and the availability of secondary source literature for each target.

changes in behavior. After completing a broad overview, I use process tracing methods to examine the evolution in sanctions, structures, and behavior during each of the identified periods. In my conclusion to each sub-section, I discuss my findings and assess whether my evaluation of the changes in the variables of interest are consistent with the behavior outlined in Chapter Two. Disconnects between predictions and the qualitative study are noted. Once I finish my evaluation of each subsection, I summarize my general conclusions across the entire case and evaluate the consistency of my hypotheses with the case study.

Chapter Four: Quantitative Tests and Findings

In this chapter I present the results of my regression analysis of the hypotheses outlined in Chapter Two. The types of models employed,³³⁷ the principal independent and dependent variables, as well as my Control Variables that were described in Chapter Three. The descriptive statistics for each variable can be found in Appendices 4.1 and 4.2. Each sub-hypothesis is first evaluated independently and then in combination in the concluding sections as I assess the overall validity of the theoretical predictions described in Chapter Two. I evaluate the strength and accuracy of my findings with a series of Robustness Tests, provided in Appendix 4.3.³³⁸ Briefly stated, my analysis finds mixed support for my original theory, but the general thrust of my overall findings is supportive.

Hypothesis One: A and B

The first set of models evaluate the validity of Hypothesis One: A and B, listed below. The first model finds support for Hypothesis One: A, showing that under comprehensive sanctions the use of Systemic Repression by the regime increases as the Loyalty Norm increases in strength. The

³³⁷ While I was concerned about the possibility of a unit root, given how short in duration the dynamic element of my models was (typically less than ten observations per panel), I sided with convention and determined that such tests were unnecessary. See Hun Myoung Park, "Practical Guides to Panel Data Modeling: A Step-by-Step Analysis Using Stata," Tutorial Working paper, Graduate School of International Relations, International University of Japan (2011): 1-52. I also used Parks standard protocol to determine the most appropriate type of model to estimate. Ultimately, this means that each model has a slightly different structure, nevertheless, they represent the best possible estimation of the coefficients.

³³⁸ Generally, my findings were relatively robust to specification, with some exceptions. The inclusion of a lagged dependent variable appeared to weaken my findings, suggesting that the regime's historical use of a particular policy played a large role in determining future policy choices. Controlling for other policy types, also altered my findings. This is not surprising, as a leader's budget is finite, and the use of some policies should influence the use of others. Additionally, my findings changed somewhat when I used alternative measurements of my dependent variables. Finally, my tests of Hypothesis Two: C and D were not robust across different specifications. However, my findings from Hypothesis One: C and D were robust. This, combined with my original models' findings, suggests that closer inspection of Patronage is required.

second model finds that the change in Systemic Repression as a function of the regime's Loyalty Norm is not statistically or substantively significant, which is consistent with Hypothesis One: B.

Hypothesis One:

The impact of Loyalty Norm on a leader's domestic responses to sanctions is contingent on the sanction type imposed.

- A) When comprehensive sanctions are imposed: as the Loyalty Norm increases in strength, the leader's use of Systemic Repression increases.
- B) When targeted sanctions are imposed: as the Loyalty Norm increases in strength, there will be no change in the leader's use of Systemic Repression.

My findings are detailed in Table 4.1 and Figure 4.1 below.

Model One finds that when the leader's Loyalty Norm increases in strength from weak to strong, the leader will respond by increasing his use of Systemic Repression by 0.82 units as measured by VDEM Civil Liberty: Index of Private and Political Liberties, on average and holding all else constant. Since this index also ranges from 0 to 1, this increase comprises over 80% of its range. In other words, when the leader's Loyalty Norm increases from weak to strong the leader will alter his use of Systemic Repression from virtually nil to high levels—i.e., full censorship, martial law, and even full-scale systematic violence against civilians. This increase is both substantial and statistically significant. Among the control variables, increases in both international conflict and population size appear to increase the regime's use of Systemic Repression.

Model Two shows that when targeted sanctions are imposed, the change in Systemic Repression as a function of the regime's Loyalty Norm is not statistically or substantively significant. The larger p-value for this model indicates that we cannot rule out the Null Hypothesis (no difference between the coefficient of Loyalty Norm and no (0) change). This finding provides support for Hypothesis One: B which predicts that an increase in the Loyalty

Norm will have no effect on the leader's use of Systemic Repression, on average and holding all else constant. However, an increase in population size appears to decrease the regime's use of Systemic Repression.

Table 4.1: Evaluation of Hypothesis One: A & B, Models One & Two

VARIABLES	Hypothesis One: A & B			
	Systemic Repression			
	VDEM Civil Liberties: Private and Political Liberties Index (N+1)			
	Hypothesis One: A Model One ³³⁹ Sanctions are Comprehensive		Hypothesis One: B Model Two ³⁴⁰ Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Loyalty Norm	0.82***	0.00	- 0.06	0.29
International Conflict	0.08***	0.01	0.01**	0.03
Transparency	0.00	0.16	- 0.00***	0.00
Real GDP	0.00	0.17	0.00	0.32
Economic Growth	0.00**	0.05	0.00*	0.07
Economic Dependence	0.00	0.98	0.00	0.29
Log Population	0.09***	0.00	- 0.20***	0.00
Issue Salience	0.04	0.67	0.01**	0.05
Constant	- 1.77***	0.01	2.98***	0.00
Observations	47		325	
Number of Target States	9		43	
R ²	0.90		0.37	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

³³⁹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. See Daniel Hoechle, “Robust standard errors for panel regressions with cross-sectional dependence,” *The Stata Journal* 7, no. 3 (2007): 282-311; John C. Driscoll and Aart C. Kraay, “Consistent Covariance Matrix Estimation with Spatially Dependent Panel Data,” *The Review of Economics and Statistics* 80, no. 4 (November 1998): 549-560. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected. See T. S. Breusch, and A. R. Pagan, “The Lagrange Multiplier Test and its Applications to Model Specification in Econometrics,” *The Review of Economic Studies* 47, no.1 (January 1980): 239-253.

³⁴⁰ Fixed Effects Model with Driscoll and Kraay Robust Standard Errors. See Hoechle, “Robust standard errors for panel regressions with cross-sectional dependence,” 282-311 and Driscoll and Kraay, “Consistent Covariance Matrix Estimation with Spatially Dependent Panel Data,” 549-560.

Figure 4.1: Graphical Evaluation of Hypothesis One:A & B, Models One & Two

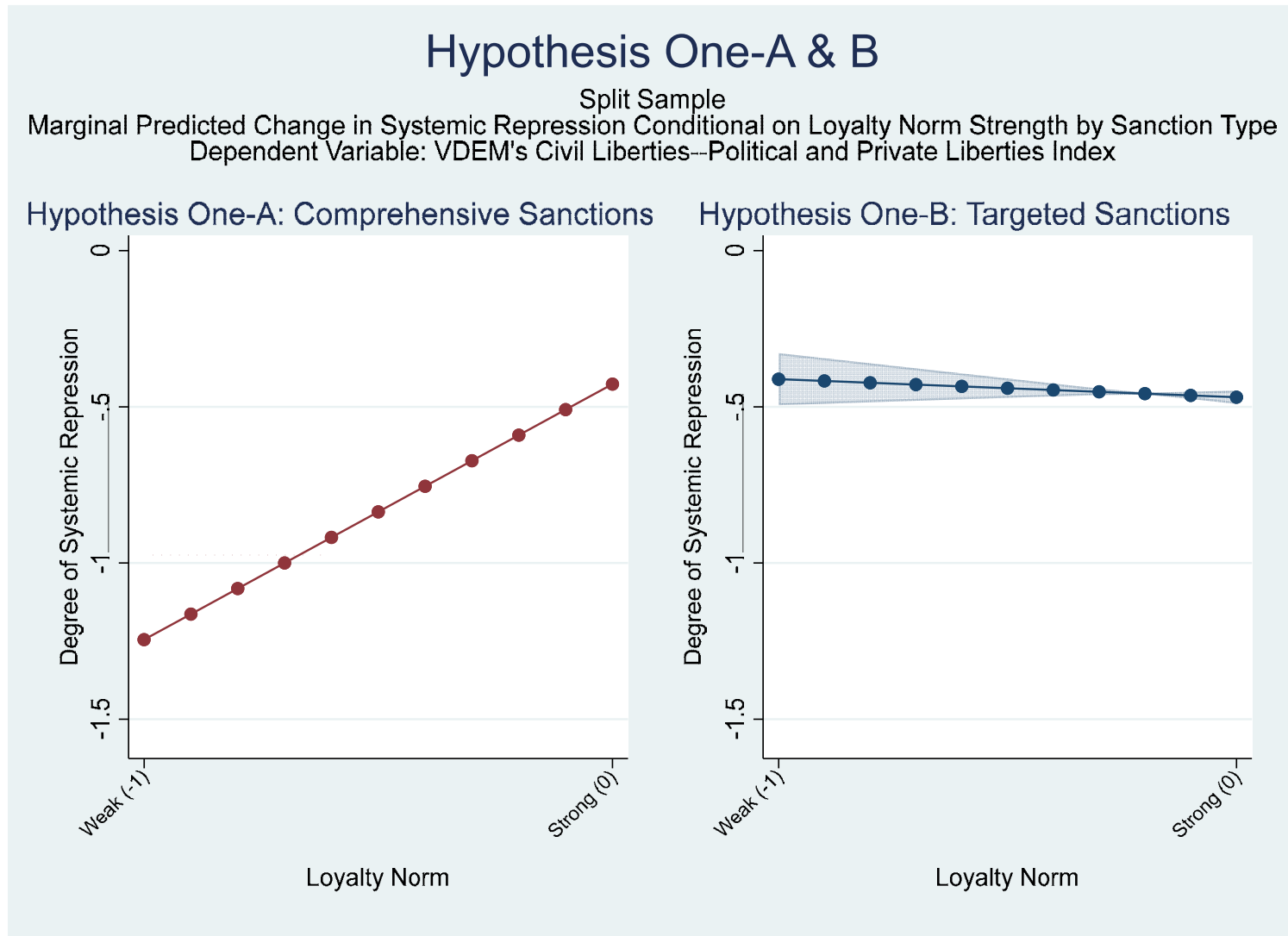


Figure 4.2 depicts how targeted and comprehensive sanctions influence the relationship between Loyalty Norm and leader's use of Systemic Repression, with 95% confidence intervals included. The graph entitled, "Hypothesis 1-A: Comprehensive Sanctions" is a representation of Model One and maps the predicted changes in Systemic Repression as a function of increasing the strength of the Loyalty Norm when sanctions are comprehensive. There is clearly a direct relationship between Loyalty Norm and Systemic Repression when sanctions are comprehensive. The graph entitled, "Hypothesis One: B: Targeted Sanctions" is a representation of Model Two and maps the predicted changes in Systemic Repression as a function of the strength of the Loyalty Norm when sanctions are targeted. Unlike the first graph, here we see that the leader's Loyalty Norm had no substantive impact on the use of Systemic Repression when targeted sanctions are imposed.

Hypothesis One: C and D

The second set of models evaluates the validity of Hypothesis One: C and D, listed below. The third model does not support Hypothesis One: C, showing that under comprehensive sanctions, the use of Patronage by the regime decreases (rather than remain the same) as the Loyalty Norm decreases in strength. The fourth model does not support Hypothesis One: D, showing that under targeted sanctions, there is no statistically significant or substantive change in the use of Patronage by the regime as the Loyalty Norm decreases in strength.

Hypothesis One:

The impact of Loyalty Norm on a leader's domestic responses to sanctions is contingent on the sanction type imposed.

- C) When comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the Loyalty Norm decreases in strength, the leader's use of Patronage increases.

My findings are summarized in Table 4.2 and Figure 4.2 below.

As Table 4.2 and Figure 4.2 demonstrate, Models Three and Four produce results that are inconsistent with these sub-hypotheses. More specifically, Model Three estimates that when the Loyalty Norm increases from weak to strong the leader should increase his use of Patronage by 0.38 units or approximately 40% of the range of the neopatrimonialism index, on average and holding all else constant. This effect is statistically significant, but not consistent with Hypothesis One: C. Among the control variables, increases in both international conflict and the economic interdependence of the sender and target states appear to weakly decrease the regime's use of Patronage.

Model Four indicates that when targeted sanctions are imposed, the change in Patronage as a function of the regime's Loyalty Norm is not statistically or substantively significant, on average and holding all else constant. This finding is not consistent with Hypothesis Two: D, which predicts a negative relationship between the leader's Loyalty Norm and the regime's use of Patronage. There does not seem to be any meaningful impact of the control variables on the regime's use of Patronage.

Table 4.2: Evaluation of Hypothesis One: C & D, Models Three & Four

VARIABLES	Hypothesis One: C & D			
	Patronage VDEM Neopatrimonialism Index (N+1)			
	Hypothesis One: C Model Three ³⁴¹		Hypothesis One: D Model Four ³⁴²	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Loyalty Norm	0.38*	0.09	0.06	0.54
International Conflict	- 0.06***	0.00	0.00	0.89
Transparency	- 0.00*	0.06	- 0.00*	0.07
Real GDP	0.00	0.30	- 0.00*	0.05
Economic Growth	0.00	0.46	0.00**	0.02
Economic Dependence	- 0.05***	0.00	0.00	0.28
Log Population	- 0.01	0.51	- 0.05	0.17
Issue Salience	0.05	0.43	0.00	0.68
Constant	0.52	0.23	1.50***	0.01
Observations (N)	47		325	
Number of Target States	9		43	
R ²	0.79		.06	
F- Test (Model)/Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

³⁴¹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. See Hoechle, “Robust standard errors for panel regressions with cross-sectional dependence,” 282-311; Driscoll and Kraay, “Consistent Covariance Matrix Estimation with Spatially Dependent Panel Data,” 549-560. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected. See Breusch and Pagan, “The Lagrange Multiplier Test and its Applications to Model Specification in Econometrics”, 239-253.

³⁴² Random Effects Model with Robust Standard Errors.

Figure 4.2: Graphical Evaluation of Hypothesis One: C & D, Models Three & Four

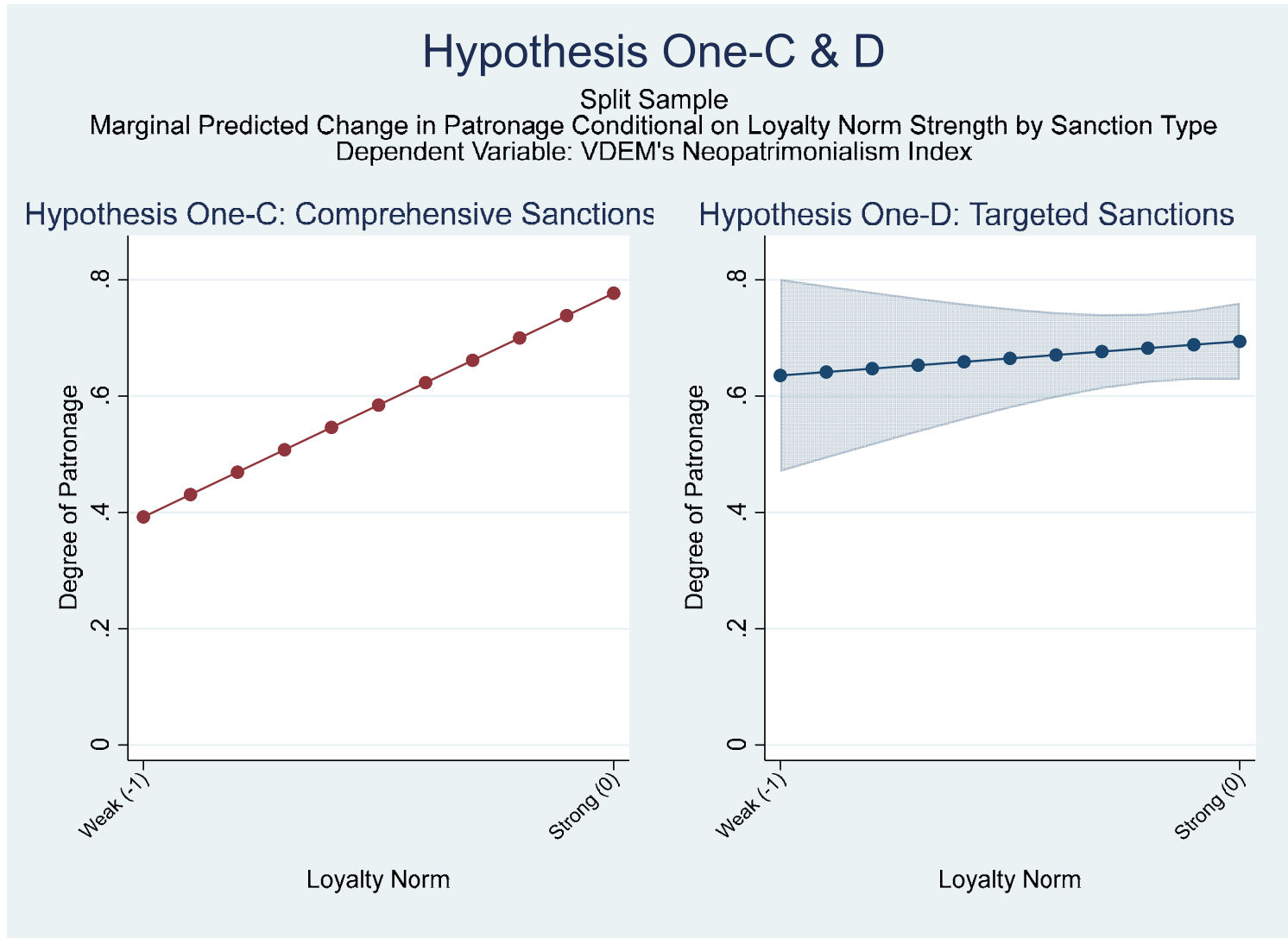


Figure 4.2 captures the marginal predicted effects generated by Models Three and Four, with 95% confidence intervals included. The graph entitled “Hypothesis 1-C: Comprehensive Sanctions” depicts how the imposition of comprehensive sanctions influences the relationship between the Loyalty Norm and Patronage, as estimated by Model Three. When comprehensive sanctions are imposed, the leader’s use of Patronage will increase as the strength of the leader’s Loyalty Norm increases. The graph entitled “Hypothesis 1-D: Targeted Sanctions” captures how the imposition of targeted sanctions influences the relationship between the Loyalty Norm and Patronage as estimated by Model Four. When targeted sanctions are imposed the leader’s Loyalty Norm had no substantive impact on the use of Systemic Repression. This finding is inconsistent with Hypothesis One: D.

Hypothesis Two: A and B

The third set of models evaluate the validity of Hypothesis Two: A and B, listed below. The first model finds support for Hypothesis Two: A, showing that under comprehensive sanctions, the use of Public Goods by the regime increases as the regime’s dependence on earned income increases. The second model shows that there is no statistically significant or substantive change in the use of Public Goods by the regime as the income source changes.

Hypothesis Two:

The impact of Income Source on a leader’s domestic responses to sanctions is contingent on the sanction type imposed.

- A) When comprehensive sanctions are imposed: as the leader’s reliance on earned income increases, the leader’s use of Public Goods increases.
- B) When targeted sanctions are imposed: as the leader’s reliance on earned income increases, there will be no change in the leader’s use of Public Goods.

My findings are summarized in Table 4.3 and Figure 4.3 below.

Table 4.3 displays the regression results from Models Five and Six. According to Model Five, when autocratic states suffer comprehensive sanctions, increasing the leader's reliance on earned income by one-unit results in an 0.11 unit increase in the leader's distribution of Public Goods, on average and holding all else constant. This result is statistically significant. This corresponds to an increase of 110% of the full range of Public Goods disbursement when the regime's income source shifts from unearned (-5) to earned income (+5). Among the control variables, an increase in issue salience (how important the issue under contention is to the target state) decreases the regime's use of Public Goods.

Model Six shows that when targeted sanctions are imposed, the change in Public Goods as a function of the regime's income source is not statistically or substantively significant. The larger p-value for this model indicates that we cannot rule out the Null Hypothesis (no difference between the coefficient of Loyalty Norm and no (0) change). This finding provides support for Hypothesis Two: B which predicts that changes in the regime's income source will not affect the leader's use of Public Goods, on average and holding all else constant. There does not seem to be any meaningful impact of the control variables on the regime's use of Public Goods.

Table 4.3: Evaluation of Hypothesis Two: A & B, Models Five & Six

VARIABLES	Hypothesis Two: A & B			
	Public Goods VDEM Distribution of Resources Index (N+1)			
	Hypothesis Two: A Model Five ³⁴³		Hypothesis Two: B Model Six ³⁴⁴	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Income Source: Earned Income	0.11*	0.09	- 0.02	0.17
MEPV: International Conflict	- 0.04	0.58	0.01	0.25
Transparency	0.00	0.99	0.00	0.24
Real GDP	0.00	0.17	0.00***	0.01
Economic Growth	0.00	0.87	- 0.00**	0.03
Economic Dependence	- 0.04	0.37	0.01**	0.02
Log Population	- 0.09	0.22	- 0.01	0.63
Issue Salience	- 0.40***	0.00	- 0.03**	0.02
Constant	2.66**	0.04	0.87*	0.08
Observations	47		325	
Number of Target States	9		43	
R-squared	0.77		.35	
F- Test (Model)/Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

³⁴³ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. See Hoechle, “Robust standard errors for panel regressions with cross-sectional dependence,” 282-311 and Driscoll and Kraay, “Consistent Covariance Matrix Estimation with Spatially Dependent Panel Data,” 549-560. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected. See Breusch and Pagan, “The Lagrange Multiplier Test and its Applications to Model Specification in Econometrics”, 239-253.

³⁴⁴ Random Effects Model with Robust Standard Errors.

Figure 4.3: Graphical Evaluation of Hypothesis Two: A & B, Models Five & Six

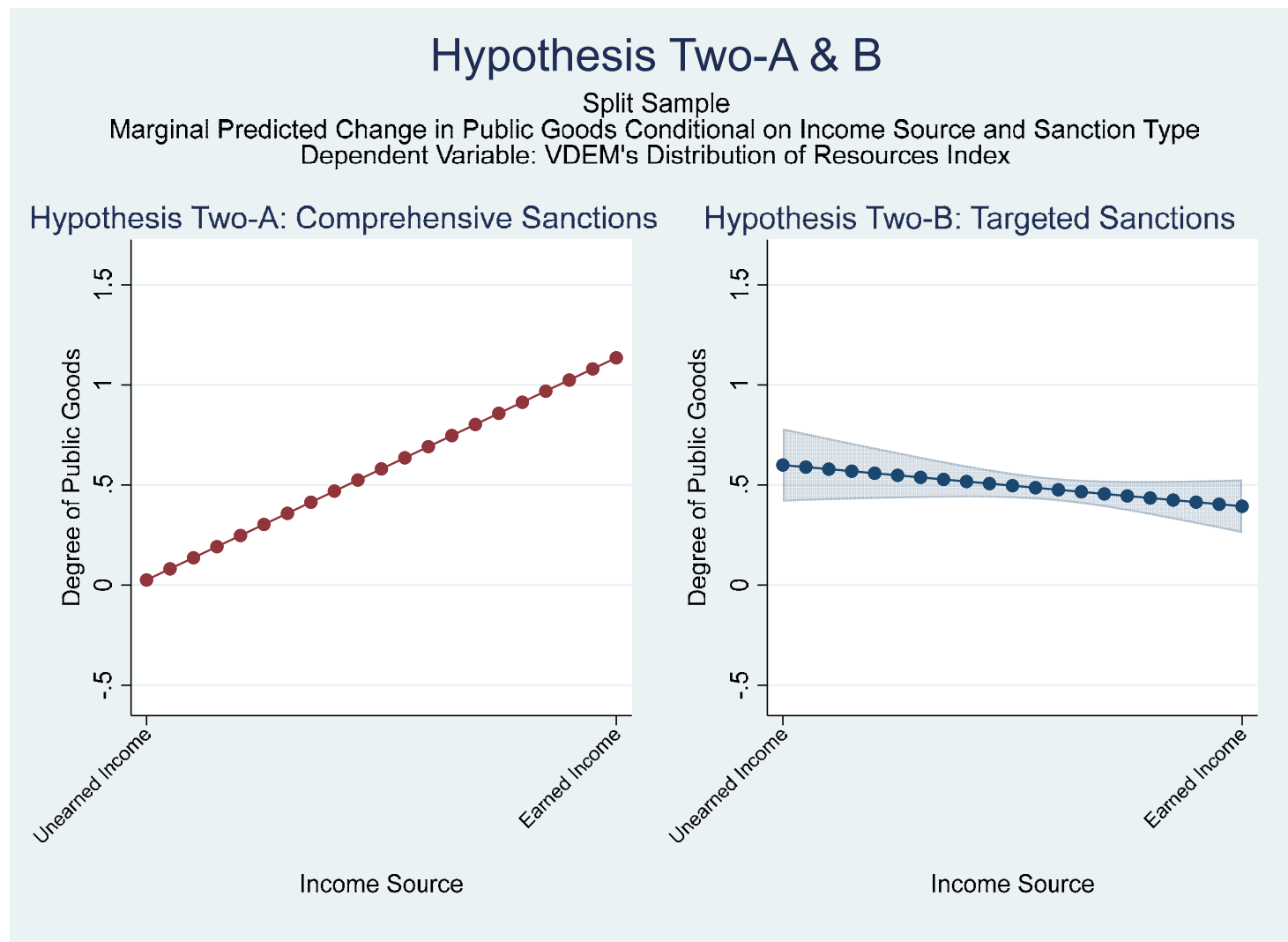


Figure 4.3 graphically captures the difference between how comprehensive sanctions and targeted sanctions influence a leader's dispersal of Public Goods as a function of income source with 95% confidence intervals. The graph entitled "Hypothesis Two-A: Comprehensive Sanctions" displays Model Five's projections. This graph demonstrates that when comprehensive sanctions are imposed, the leader's use of Public Goods increases as the leader's reliance on earned income increases. In contrast, the graph entitled "Hypothesis Two-B: Targeted Sanctions" indicates that when targeted sanctions are imposed, the change in use of Public Goods as a function of the regime's income source is not substantively significant.

Hypothesis Two: C and D

The final set of models evaluates the validity of Hypothesis Two: C and D and present mixed findings. Specifically, Model Seven indicates that as the regime's reliance on unearned income increases, the regime's use of Patronage decreases when Comprehensive Sanctions are imposed. This conflicts with Hypothesis Two: C which predicts no change in Patronage in this case. Model Eight indicates that when a regime's reliance on unearned income increases under targeted sanctions, its use of Patronage also increases, consistent with Hypothesis Two: D.

Hypothesis Two:

The impact of Income Source on a leader's domestic responses to sanctions is contingent on the sanction type imposed.

- C) When comprehensive sanctions are imposed: as the leader's reliance on unearned income increases, there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the leader's reliance on unearned income increases, the leader's use of Patronage increases.

My findings are summarized in Table 4.4 and Figure 4.4 below.

In Table 4.4, Model Seven estimates that when comprehensive sanctions are imposed, a one-unit shift from earned to unearned income will cause a 0.09 decrease in Patronage dispersion, on average and holding all else constant. This effect is statistically significant and corresponds to a decrease of 90% of the full range for Patronage when the regime's Income source shifts from earned income (+5) to unearned (-5) income. This result is inconsistent with Hypothesis 2: C which predicts no change in the use of Patronage by the regime when comprehensive sanctions are imposed. Among the control variables, increases in issue salience and population size increase the regime's use of Patronage.

Model Eight provides evidence supporting Hypothesis Two: D, demonstrating that when targeted sanctions are imposed, increasing the leader's reliance on unearned income by one unit increases the leader's use of Patronage by approximately 0.07 units, on average and holding all else constant. In other words, if a state's income source shifts from earned income (5) to unearned income (-5), the leader's use of Patronage would increase about 70%, or the entire range of available Patronage. This effect is statistically significant. There does not seem to be any meaningful impact of the control variables on the regime's use of Patronage.

Table 4.4: Evaluation of Hypothesis Two: C & D, Models Seven & Eight

VARIABLES	Hypothesis Two: C & D			
	Patronage VDEM Neopatrimonialism Index (N+1)			
	Hypothesis Two: C Model Seven ³⁴⁵		Hypothesis Two: D Model Eight ³⁴⁶	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Income Source: Earned Income	0.09***	0.00	- 0.07***	0.01
MEPV: International Conflict	0.02	0.15	0.00	0.69
Transparency	- 0.00***	0.01	0.00	0.21
Real GDP	- 0.00*	0.07	- 0.00*	0.07
Economic Growth	0.00	0.82	0.00**	0.04
Economic Dependence	0.01	0.53	0.00	0.24
Log Population	0.05**	0.02	- 0.02	0.34
Issue Salience	0.09**	0.01	0.02	0.23
Constant	- 0.08	0.75	1.06***	0.01
Observations	47		325	
Number of Target States	9		43	
R-squared	0.88		.28	
F- Test (Model)/Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

³⁴⁵ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. See Hoechle, “Robust standard errors for panel regressions with cross-sectional dependence,” 282-311 and Driscoll and Kraay, “Consistent Covariance Matrix Estimation with Spatially Dependent Panel Data,” 549-560. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected. See Breusch and Pagan, “The Lagrange Multiplier Test and its Applications to Model Specification in Econometrics”, 239-253.

³⁴⁶ Random Effects Model with Robust Standard Errors.

Figure 4.4: Graphical Evaluation of Hypothesis Two: C & D, Models Seven & Eight

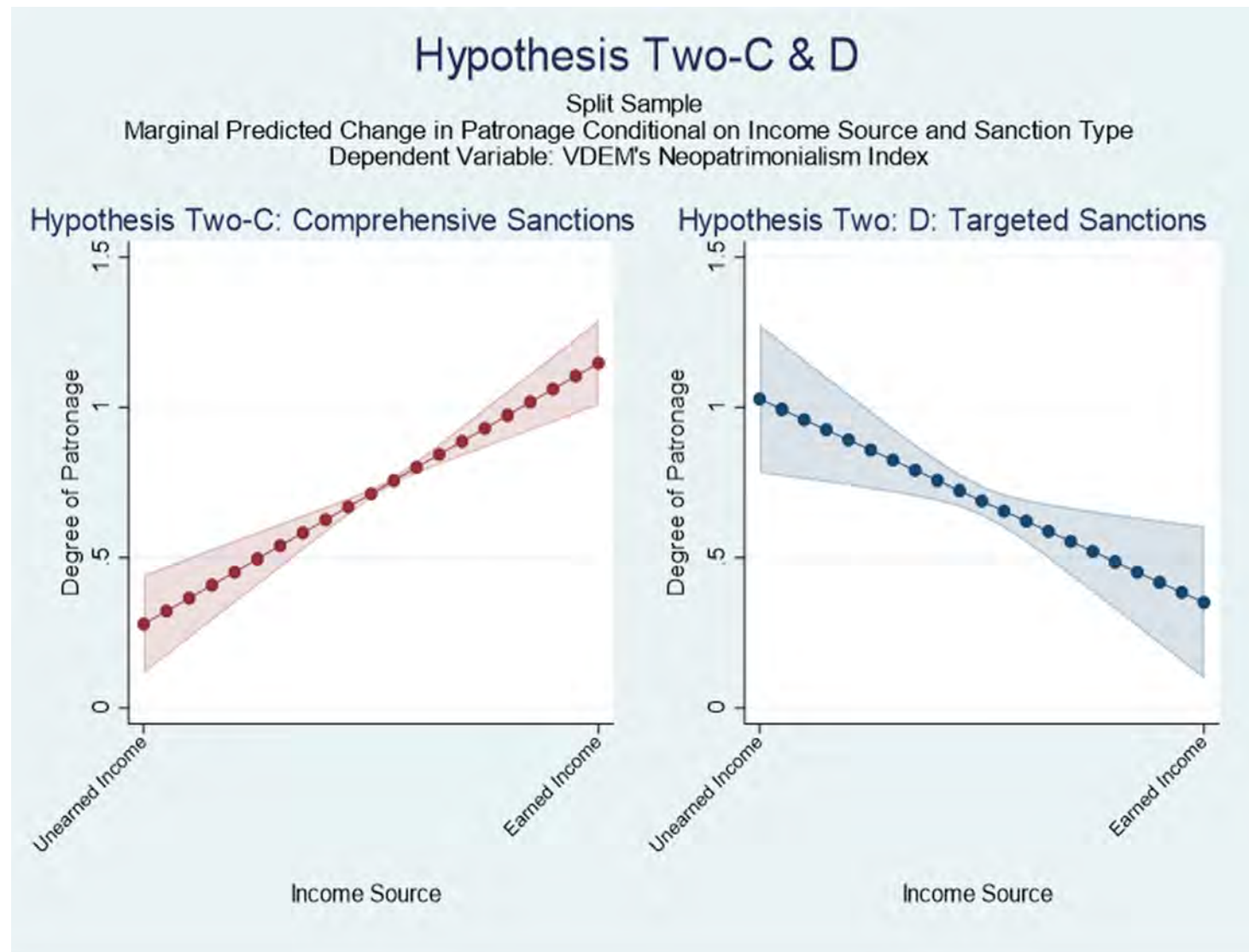


Figure 4.4 graphically captures the difference between how comprehensive sanctions and targeted sanctions influence a leader's use of Patronage as a function of income source, with 95% confidence intervals. The graph entitled "Hypothesis Two-C: Comprehensive Sanctions" captures the change projected by Model Seven showing that the leader's use of Patronage increases as the leader's reliance on earned income increases following the imposition of comprehensive sanctions. The graph entitled "Hypothesis Two-D: Targeted Sanctions" portrays the relationship predicted by Model Eight, showing that the leader's use of Patronage is projected to increase as the leader's reliance on unearned income increases.

Summary and Analysis

Models One through Eight examine how a state's economic and political institutions condition an autocratic regime's domestic response to different types of sanctions. The arguments presented in Chapter Two proposed that the imposition of sanctions can lead to domestic policy changes when the regime is vulnerable to the threat of elite defection or revolution by the disenfranchised. For the case of targeted sanctions, if the regime has a weak Loyalty Norm or is dependent on unearned income, the threat of elite defection is the greatest and the regime will respond to this threat using targeted cooptative policies such as Patronage. For comprehensive sanctions, if the regime has a strong Loyalty Norm or is dependent on earned income, the threat of revolution is the greatest and the regime will respond to this threat using Systemic Repression (for a strong Loyalty Norm) or by increasing Public Goods (reliance on earned income). In all other scenarios, I expect no changes in these domestic policies.

The quantitative study presented in this chapter yielded mixed results, as noted in Table 4.5, below. Five of the sub-hypotheses (One: A and B; Two: A, B and D) were supported by the study. Three of models produced results that are inconsistent with their respective sub-

hypotheses (One: C and D; Two: C). Interestingly, these three hypotheses involve the use of Patronage. This suggests that there are issues with either the definition or measures of Patronage that I employed.

It is important to remember that large-N, quantitative analysis serves as an essential first look at the validity of hypotheses and the relationships between variables. It is also important to triangulate these results with other methods of research. The results discussed above suggest that a closer look at the relationship between Patronage and Loyalty Norm, as well as Patronage and Income Source, may yield some insight into the nature of these discrepancies. Therefore, I have chosen case studies that focus on questions regarding how Loyalty Norm and Income Source impact the use of Patronage by autocratic regimes to gain further insight into these relationships.

Table 4.5: Summary of Quantitative Findings

Hypothesis	Sub-Hypothesis	Predictions	Findings		
			Consistent w/ hypothesis?	Substantive Meaning	Statistically Significant?
Hypothesis One: The impact of Loyalty Norm on a leader's domestic responses to sanctions is contingent on the Sanction Type imposed.	A	When comprehensive sanctions are imposed: as the Loyalty Norm increases in strength, the leader's use of Systemic Repression increases.	Yes	When comprehensive sanctions are imposed, as the Loyalty Norm increases in Strength, Systemic Repression Increases	Yes
	B	When targeted sanctions are imposed: as the Loyalty Norm increases in strength, there will be no change in the leader's use of Systemic Repression.	Yes	When targeted sanctions are imposed, as the Loyalty Norm increases in Strength, there is no substantive change in Systemic Repression	No**
	C	When comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage.	No	When comprehensive sanctions are imposed, as the Loyalty Norm decreases in strength, Patronage decreases.	Yes
	D	When targeted sanctions are imposed: as the Loyalty Norm decreases in strength, the leader's use of Patronage increases	No	When targeted sanctions are imposed, as the Loyalty Norm decreases in strength, there is no substantive change in Patronage.	No
Hypothesis Two: The impact of Income Source on a leader's domestic responses to sanctions is contingent on the sanction type imposed.	A	When comprehensive sanctions are imposed: as the leader's reliance on earned income increases, the leader's use of public goods increases.	Yes	When comprehensive sanctions are imposed, as the leader becomes more reliant on earned income, Public Goods Disbursement Increases.	Yes
	B	When targeted sanctions are imposed: as the leader's reliance on earned income increases, there will be no change in the leader's use of public goods.	Yes	When targeted sanctions are imposed, as the leader becomes more reliant on earned income, there is no substantive change in Public Good's Disbursement.	No**
	C	When comprehensive sanctions are imposed: as the leader's reliance on unearned income increases, there will be no change in the leader's use of Patronage.	No	When comprehensive sanctions are imposed, as the leader becomes more reliant on unearned income, Patronage decreases.	Yes
	D	When targeted sanctions are imposed: as the leader's reliance on unearned income increases, the leader's use of Patronage increases.	Yes	When targeted sanctions are imposed, as the leader becomes more reliant on unearned income, Patronage increases.	Yes

** Hypotheses One: B and C and Two: B and C predict no change in their dependent variables. Because the Models are testing for changes in the dependent variable, a large p-value (beyond 0.1) indicates that the null hypothesis cannot be ruled out.

Chapter Five: Nicaragua Sanctions Episode (1981 – 1990)

As discussed in Chapter Three, Johnson and Onwuegbuzie³⁴⁷ identify five rationales for conducting mixed-methods research: triangulation, complementarity, initiation, development, and expansion.³⁴⁸ The case studies presented in this chapter (the Nicaragua sanction episode [1981-1990]) and the next chapter (the Libya sanction episode [1972-2006]) were chosen to complement my quantitative study in Chapter Four. One goal of the case studies is to further evaluate aspects of Hypotheses One and Two that were called into question in Chapter Four, particularly the findings with respect to a regime's use of Patronage. Therefore, these case studies dive deeper into the interaction between Patronage and the state's economic and political structures, and how this and other state-specific issues condition a regime's use of Patronage. The case studies also explore the details of the sanction episodes, clarify the impact of sanctions on these target states, and examine how the political and economic structures of the target states condition the domestic policies of autocratic regimes.

In this chapter, I focus on Hypothesis One as it applies to the Nicaragua sanctions episode during the 1980s. Nicaragua was chosen for detailed study for several reasons. First, during the 1980s, both targeted and comprehensive sanctions were imposed by the United States on the

³⁴⁷ R. Burke Johnson and Anthony Onwuegbuzie, "Mixed Methods Research: A Research Paradigm Whose Time Has Come," *Educational Researcher*, 33:7 (2004): 14-26.

³⁴⁸ *Triangulation* is the use of multiple methodologies to study the same behavior, allowing for "the convergence and corroboration of results." See also, E. J. Webb, D. T. Campbell, R. D. Schwartz, and L. Sechrest, *Unobtrusive Measures: Nonreactive Research in the Social Sciences* (Chicago, IL: Rand McNally, 1966) and Nigel G. Fielding, "Triangulation and Mixed Methods Designs: Data Integration with New Research Technologies," *Journal of Mixed Methods Research* 6, no. 2 (2012): 124-136. *Initiation* refers to the use of mixed methods to identify puzzles and contradictions, allowing one to reframe the motivating question and enhance the research. Johnson and Onwuegbuzie describe *Complementarity* as the use of one method to elaborate upon and clarify the findings of another. They also suggest that mixed methods approach allows researchers to produce more *developed* and *phased*, using the findings of one phase of a study to inform another stage of the project. Finally, Johnson and Onwuegbuzie introduce the idea of expansion, and suggest that Mixed Methods Approaches can increase the range and breadth of research by evaluating different components of the study using different methods. See Johnson and Onwuegbuzie, "Mixed Methods Research," 14-26.

Sandinista regime. Second, the Loyalty Norm of the Sandinista regime evolved in strength during this period, weakening as democratic institutions were implemented in the mid-1980s. Finally, the single-party regime of the Sandinistas also provides some contrast with the personalist regime of Qadhafi's Libya (next chapter), providing some discussion and insight into the importance of autocratic regime type.

Hypothesis One:

The impact of the Loyalty Norm on a leader's domestic responses to sanctions is contingent on the type of sanction imposed.

- A) When comprehensive sanctions are imposed: as the Loyalty Norm increases in strength, the leader's use of Systemic Repression increases.
- B) When targeted sanctions are imposed: as the Loyalty Norm increases in strength, there will be no change in the leader's use of Systemic Repression.
- C) When comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the Loyalty Norm decreases in strength, the leader's use of Patronage increases.

US sanctions on Nicaragua were imposed soon after the Sandinistas took power and lasted from 1981 - 1990. The reasons provided for the use of sanctions are varied. However, the main driver appears to be US concerns about the "spread of communism," particularly in the western hemisphere. The Reagan administration viewed the Sandinistas as strongly influenced by the USSR and Cuban regimes and interested in spreading "the revolution" across Central America. During the 1980s, the United States imposed targeted trade and financial sanctions and ultimately comprehensive sanctions as it funded the Contra War.

Hypothesis One predicts that a regime's Loyalty Norm should condition the impact of both comprehensive and targeted sanctions. Hypotheses One: A and B address how autocrats will respond to sanctions when their Loyalty Norm is strong, while Hypotheses One: C and D examine autocratic behavior following the imposition of sanctions when the Loyalty Norm is

weak. Nicaragua's Loyalty Norm evolved over time; it was relatively strong following the Sandinistas ascension into power and remained so until the regime held democratic elections in 1984. Although the regime was not fully democratized following the 1984 elections, its Loyalty Norm weakened considerably in comparison to earlier years. Inasmuch as both the regime's Loyalty Norm as well as the sanction types imposed on Nicaragua shifted during the 1980s, this study will focus on two sub-hypotheses: Hypothesis One: B and C. The first period of the Nicaraguan sanctioning episode (1981-1984) provides a test of Hypothesis One: B, which predicts that the imposition of targeted sanctions will not change a regime's use of Systemic Repression when the Loyalty Norm is strong. The second period of the Nicaraguan sanctioning episode (1985-1990) provides a test of Hypothesis One: C, which predicts that the imposition of comprehensive sanctions will not change a regime's use of Patronage when the Loyalty Norm weakens.

There is an interesting intervening phase between these two sanction sub-episodes, marked by the Nicaraguan elections of 1984. This phase was characterized by a change in the Loyalty Norm which, as I argue below, weakened as political reforms were initiated. Changes in Patronage and Systemic Repression during the run-up to and aftermath of the election are also in evidence. Complicating this period further, the US targeted sanctions in place before the election were replaced by comprehensive sanctions shortly after the election. Therefore, I consider this brief intervening phase to be a transitional period.

This chapter is divided into two sections. In the first section I overview the primary actors engaged in the Nicaraguan episode and explore and summarize the general trends observed in my variables. In the second section, I examine each of the two major periods of the Nicaraguan sanction episode: US targeted sanctions (1981 – 1984) and US comprehensive

sanctions (1985 – 1990), describing the sanctions that were imposed on Nicaragua and how Nicaragua’s behaviors evolved over time.

Section One: Actors and Trends

In this section I briefly overview the Nicaragua sanctions episode to provide context, identify key actors, summarize my findings with respect to the use of Patronage by the Sandinista regime, and consider other variables that may contribute to the choice of particular policies.

Primary Actors

Several states played a role in the Nicaragua sanctioning episode including Cuba, the USSR, and Honduras. However, the three principals engaged in this conflict were Nicaragua, the Contras, and the United States.

The Nicaraguan Government and the Sandinistas

The Frente Sandinista de Liberación Nacional (FSLN), also known as the Sandinistas, ascended to power on July 20, 1979 after Anastasio Somoza Debayle was ousted from government. The FSLN, which set policy for the governing junta and the government at large, was led by a nine-member National Directorate composed of representatives from three factions.³⁴⁹ During the waning years of the Somoza regime, the Sandinistas were fragmented into three splinter groups, or ‘tendencies,’ as they were known within the organization.³⁵⁰ These groups were functionally separate

³⁴⁹ Alejandro Bendaña, “The Rise and Fall of the FSLN.” *NACLA Report on the Americas*, September 25, 2007.

³⁵⁰ The reunification process was in part a response to rising pressure from Cuba to unify. See Martha L. Cottam, Bruno Baltodano, and Martín Meráz García, “Cooperation Among the Nicaraguan Sandinista Factions,” *Latin American Policy* 2, no. 1 (2011): 14 and Michael E. Allison, “Why Splinter? Parties that Split from the FSLN, FMLN and URNG,” *Journal of Latin American Studies* 48 (2016): 711.

organizations with distinct leaders, strategies, and competing preferences. Despite competition, each group strongly identified with the wider movement. In the latter stages of the war, these competing groups came together to move forward against Somoza as a unified front.³⁵¹ As part of the compromise, the tendencies formed the National Directorate, a new leadership organization for the FSLN consisting of nine leaders, with three representatives from each tendency. Each member of the National Directorate retained veto power³⁵² and unanimity was required when deciding policy.

Following the end of the Sandinista Revolution, the FSLN selected representatives to form Nicaragua's Council of National Reconstruction, which served as Nicaragua's ruling junta during the first phase of the sanction episode that followed. The Council of National Reconstruction was comprised of three members of the FSLN and two moderate opposition members.³⁵³ Notably, only three votes were required to enact policy. Thus the FSLN served as the dominant force within the ruling junta. In addition to the ruling junta, the Council of State was established as Nicaragua's major legislating body, although the policies passed by the Council were more limited in scope and their position was subordinate to the ruling junta. The number of seats on the Council of State varied over time and were filled with representatives from the FSLN, opposition parties, and civil society organizations.³⁵⁴ In 1984 the first national elections were held and won by the Sandinistas with 67% of the vote. Daniel Ortega assumed the mantle of the Presidency as the FSLN gained control of the National Assembly.³⁵⁵

Although the Reagan administration was quick to classify the Sandinistas as Marxist Communists, their ideology was more nuanced. While the FSLN certainly had strong

³⁵¹ Cottam, Baltodano and García, "Cooperation among the Nicaraguan Sandinista Factions," 14.

³⁵² Allison, "Why Splinter?" 712.

³⁵³ Terri Shaw, "Sandinista Junta Appointments Allay Fears of Swing to Left," *The Washington Post*, May 20, 1980.

³⁵⁴ Philip J. Williams, "Dual Transitions from Authoritarian Rule: Popular and Electoral Democracy in Nicaragua," *Comparative Politics* 26, no.2 (January 1994): 169-185.

³⁵⁵ Williams, "Dual Transitions from Authoritarian Rule," 169-185.

communist and socialist tendencies, their ideology was perhaps better characterized by its strong commitment to so-called “revolutionary pluralism” and its attempts to unite Marxism with other ideologies including liberation theory and its own Sandinismo tradition that promoted nationalism, anti-imperialism and cross-class unity.^{356, 357} Despite the Sandinistas strong ideological foundation, the FSLN were said to be highly pragmatic.³⁵⁸ In a sense, the party’s commitment to pluralism may be seen as a survival tactic for the Sandinistas, as the party itself was a coalition of Marxist and social democrats.^{359, 360}

The Contras

Although the Contras are often treated as a cohesive front, they are better understood as a set of loosely affiliated organizations operating in concert to challenge the same opponent: the Nicaraguan State. The various Contra groups lacked a coherent structure uniting the disparate organizations and were driven by different motivations. It appears that much of the impetus behind the Contra movement was that “every revolution must have its counterrevolution.”³⁶¹ Three informal organizations comprised the majority of the Contra movement: the Fuerza Democrática Nicaragüense (FDN), the Movement Democrático Nicaragüense (MDN) and the Democratic Revolutionary Alliance (ARDE).³⁶² At its peak, estimates of the FDN’s manpower

³⁵⁶ Susanne Jonas and Nancy Stein, “The Construction of Democracy in Nicaragua,” *Latin American Perspectives* 17, no. 3 (Summer 1990): 10-37.

³⁵⁷ The leadership of the FSLN had strong preferences for pluralism, collectivism, and decision making by consensus. See Jonas and Stein, “The Construction of Democracy in Nicaragua,” 10-37.

³⁵⁸ Robert Pastor, *Not Condemned to Repetition*, 2nd ed. Oxfordshire: Routledge, 2002, 176.

³⁵⁹ William M. Leogrande, “Making the Economy Scream: US Economic Sanctions against Sandinista Nicaragua,” *Third World Quarterly* 17, no.2 (June 1996): 329-348.

³⁶⁰ According to Jonas and Stein, following the Sandinista ascension to power, the Nicaraguan state was economic devastated and heavily in debt, substantial reconstruction was necessary. The Sandinistas recognized that such reconstruction could not be achieved in the absence of national unity, and therefore was quick to promote pluralism to achieve these goals. Jonas and Stein, “The Construction of Democracy in Nicaragua,” 14.

³⁶¹ Cottam, Baltodano and García, “Cooperation among the Nicaraguan Sandinista Factions,” 8.

³⁶² Other Contra organizations existed but were comparatively smaller.

sat at around 22,000³⁶³ and the organization operated principally on the border with Honduras in northern Nicaragua. The MDN consisted of approximately 2000 former national guardsman in 1981³⁶⁴ and it too operated predominantly on Nicaragua's northern border near Honduras. ARDE operated primarily on the Costa Rican border.

The founding of the Contras is somewhat unclear. Although some of the Contras apparently formed independently, it seems that the United States was the catalyst behind establishing other Contra organizations, such as the FDN.³⁶⁵ Eventually, US pressure led the FDN to establish an umbrella organization with other Contra groups under the leadership of Adolfo Calero, the United Nicaraguan Opposition (UNO),³⁶⁶ although cooperation within the UNO remained shaky.³⁶⁷ The United States remained dedicated to arming the Contras and provide them with funding and training throughout most of the 1980s.

The United States

The United States intervened extensively in Nicaraguan politics throughout the 1980s but pursued a somewhat contradictory policy agenda. Limited sanctions were first imposed while the Carter Administration was in power, but they were expanded dramatically when Reagan assumed the presidency. Indeed, the two administrations took very different approaches to international relations generally and Nicaragua in particular, with Carter assuming a more

³⁶³ This number is disputed.

³⁶⁴ "Nicaragua Govt vs Contras, 1981-1990" *The Polynational War Memorial*. <http://war-memorial.net/Nicaragua-Govt-vs-Contras--3.189> (accessed November 19, 2022)

³⁶⁵ President Reagan signed a Presidential Finding on March 9, 1981, authorizing the CIA to undercut the distribution of arms across Central America. CIA agents used this authority to then organize disaffected Nicaraguans who eventually became leaders of the various Contras. In August of 1981, National Guardsman (Somoza's former militia members), US officials, and Argentine military advisors participated in an "important meeting" that ultimately led to the formation of the FDN. The FDN soon became the largest of the contras.

³⁶⁶ Cottam, Baltodano and García, "Cooperation among the Nicaraguan Sandinista Factions," 8.

³⁶⁷ Cottam, Baltodano and García, "Cooperation among the Nicaraguan Sandinista Factions," 8.

conciliatory and softer posture than his successor. For example, the Carter Administration first adopted an attitude of “cautious acceptance”³⁶⁸ when the Sandinistas first assumed power as they worried that a more hostile posture would promote radicalization. They went so far as to commit to almost \$100 million US in aid, the majority of which was delivered to the Sandinistas.³⁶⁹

In contrast to the Carter administration, the Reagan administration assumed a much more aggressive stance towards Nicaragua. Whereas Carter had tentative but optimistic expectations for cooperation with the Sandinistas,³⁷⁰ the Reagan Administration had a more negative outlook on the regime viewing the Sandinistas as a communist threat that needed to be contained. Otherwise, there was the risk of further expansion of communism in the Western Hemisphere. The new strident approach by the Reagan administration culminated in the imposition of comprehensive sanctions during the second half of the decade.

As the Reagan Administration continued to assume an openly hostile posture towards Nicaragua, the US Congress took a more cautious but somewhat contradictory approach. Throughout the 1980s, Congress repeatedly flip-flopped on their decision to fund the Contras. From 1982 to 1990, Congress approved over \$320 million US in aid to the anti-Sandinista Contras.³⁷¹ However, they also blocked aid at various times through the passage of the Boland I and Boland II amendments and other similar policies.³⁷² Congress’s restrictions on funding

³⁶⁸ Leogrande, “Making the Economy Scream,” 329-348.

³⁶⁹ President Carter pledged 94 million USD in total plus food aid after Somoza acceded power in 1979 through 1981, when Carter was voted out of office. He delivered 79 million USD in aid. The last 15 million USD was suspended due to the Sandinista’s increased support for rebel groups in El Salvador. See Leogrande, “Making the Economy Scream,” 329-348. Notably there is some disagreement on the amount the US donated to Nicaragua. Hufbauer *et al.*, report that the United States donated \$121 million US during from 1979 to 1982. See Gary Clyde, Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, “Case 81-1,” *Economic Sanctions Reconsidered*, 3rd ed. (Washington, DC: Peterson Institute for International Economics, 2009).

³⁷⁰ Leogrande, “Making the Economy Scream,” 329-348

³⁷¹ Richard Sobel, “Contra Aid Fundamentals: Exploring the Intricacies and the Issues,” *Political Science Quarterly* 110, no 2 (Summer 1995): 289.

³⁷² Sobel, “Contra Aid Fundamentals,” 296.

contributed to the Reagan Administration seeking alternative sources of funding for the Contras, ultimately leading to the Iran-Contra Scandal.

Overview of the Variables

The text that follows provides a general assessment of the most important variables for this case. I discuss Nicaragua's political structure, examine the types of sanctions imposed on Nicaragua during the episode in question, and summarize my findings with respect to the dependent variables of Systemic Repression and Patronage. I also introduce other variables which may contribute to the choice of particular policies.

Primary Independent Variables

Hypothesis One predicts that the types of sanctions imposed on a state will interact with that state's political structure to shape a regime's policy choices. In these next two sections, I explore how Nicaragua's political structure and sanction type evolved over time.

Political Structure

In Chapter Two, I posited that the size and strength of the leader's Loyalty Norm influences the threat posed by the disenfranchised masses and the elites. My quantitative models evaluated the Loyalty Norm's size, strength, and direction using Bueno de Mesquita *et al's*³⁷³ protocol.³⁷⁴ The second column of Table 5.1 below provides Bueno de Mesquita *et al's*³⁷⁵ best estimation of

³⁷³ Bueno de Mesquita *et al.*, *The Logic of Political Survival*, 151.

³⁷⁴ I define Loyalty Norm in Chapter Two. In Appendix 3.2, I describe how I operationalize it.

³⁷⁵ Bueno de Mesquita *et al.*, *The Logic of Political Survival*.

Nicaragua's Loyalty Norm from 1979-1990, while the third column contains my reassessment of the Loyalty Norm based on additional evidence I collected.

Table 5.1: Nicaragua's Loyalty Norm from 1979 to 1990

<i>Nicaragua's Loyalty Norm</i>		
<i>Year</i>	<i>Loyalty Norm Original Coding According to BDM</i>	<i>Loyalty Norm Assignments by Author³⁷⁶ Ranked by Regime Types</i>
1979	Strong	Single-party: Strong
1980	Strong	Single-party: Strong
1981	Strong	Single-party: Strong
1982	Strong	Single-party: Strong
1983	Strong	Single-party: Strong
1984	Strong	Hybrid Transitioning Democracy/Single-party: Weaker
1985	Strong	Hybrid Transitioning Democracy/Single-party: Weaker
1986	Strong	Hybrid Transitioning Democracy/Single-party: Weaker
1987	Strong	Hybrid Transitioning Democracy/Single-party: Weaker
1988	Strong	Hybrid Transitioning Democracy/Single-party: Weaker
1989	Strong	Hybrid Transitioning Democracy/Single-party: Weaker
1990	Strong	Transitioning Democracy: Weak

According to the estimation by Bueno de Mesquita *et al.*, Nicaragua had the strongest possible Loyalty Norm from 1979-1989, until it weakened considerably in 1990. However, my investigation of the regime during this period suggests that the Sandinista's Loyalty Norm evolved gradually throughout the 1980s. In this context, it is useful to consider the relationship between Loyalty Norm and regime type. Whereas the Loyalty Norm essentially evaluates the size of the Winning Coalition and Selectorate, regime type is a classification system that describes a state's political institutional structure based on a cluster of variables. Although regime type does not map directly on to the Loyalty Norm, it does provide some insight into the

³⁷⁶ Author is Maeryn Goldman Stein. Assignment of regime type is influenced by Geddes *et. al.*, "Autocratic Breakdown and Regime Transitions," 313-331.

Winning Coalition's size and, therefore, the strength of the Loyalty Norm. Geddes *et al.* characterize Nicaragua as a single-party autocracy from 1979-1989 and generally these regimes typically present weaker Loyalty Norms than some other autocratic types. For example, personalist regimes typically have stronger Loyalty Norms, as these states often maintain small Winning Coalitions that consist only of the leader's inner-most circle as fraudulent elections expand the regime's Selectorate.³⁷⁷

Nicaraguan politics during the early 1980s shared certain characteristics often observed in single-party autocracies. For example, these regimes typically demonstrate high levels of institutional capacity and ideological resources that help cushion leaders against potential internal threats.³⁷⁸ As a result of greater institutional capacity, single-party regimes feature greater levels of party organization which, in turn, promotes elite cohesion. The presence of institutional capacity, elite cohesion, and ideological resources ultimately means that single-party regimes tend to be more durable and stable over time in comparison to other regime types. To further facilitate their longevity, single-party actors often coopt their opposition by granting them limited representation.³⁷⁹ They also generate mass support by mobilizing their citizens into a variety of pro-regime civic organizations. These two mechanisms curb dissent, which means that regime turn-over is typically triggered by external threats for these actors.³⁸⁰

³⁷⁷ L. Heger, and Idean Salehyan. "Ruthless Rulers: Coalition Size and the Severity of Civil Conflict," *International Studies Quarterly* 51, no. 2 (June 2007): 388.

³⁷⁸ Mary E. Gallagher and Jonathan K. Hanson, "Power Tool or Dull Blade? Selectorate Theory for Autocracies," *Annual Review of Political Science* 18 (2015): 381 and Brian Lai and Dan Slater, "Institutions of the Offensive: Domestic Sources of Dispute Initiation in Authoritarian Regimes, 1950-1992," *American Journal of Political Science* 50, no.1 (January 2006): 117.

³⁷⁹ Gallagher and Hansen, "Power Tool or Dull Blade?" 367-385 and Lai and Slater, "Institutions of the Offensive," 113-126.

³⁸⁰ Lai and Slater, "Institutions of the Offensive," 113-126 and Barbara Geddes, "Big Questions, Little Answers," *Paradigms and Sand Castles: Theory Building and Research Design in Comparative Politics*. (Ann Arbor: University of Michigan Press, 2003,).

The FSLN was built on a substantial ideological framework that united Marxism, social democracy, and homegrown Sandinismo with a strong sense of pragmatism.³⁸¹ Furthermore, throughout the 1980s, the Nicaraguan government sustained an extensive bureaucratic network; they managed numerous state enterprises, constructed extensive institutions to coordinate a variety of public works programs, maintained an expansive state party network, and developed a large but subordinated military.³⁸² To further facilitate cooperation and promote pluralism, the FSLN also coopted opposition groups by integrating their voices into both the junta and the Council of State.³⁸³ However, the FSLN retained sufficient votes to overrule the minority opposition, substantially reducing their effectiveness.³⁸⁴ In addition to securing elite cooperation, the Sandinistas coopted the masses by fostering numerous civic organization groups including the Comites de Defensa Sandinista or the Sandinista Neighborhood Committees (CDS), the Asociacion de Trabajadores del Campo, also known as the Association of Rural Workers (ATC), and the Union Nacional de Agricultores y Ganaderos, or the National Union of Farmers and Ranchers, (UNAG).³⁸⁵ Civic organizations like these were allotted positions within the government's Council of State, Nicaragua's primary legislative body from 1979-1984. Each of these steps helped promote the stability of the regime, a characteristic of single-party autocracies. Moreover, while the FSLN only held power for ten years,³⁸⁶ it survived despite

³⁸¹ Jonas and Stein, "The Construction of Democracy in Nicaragua," 10-37.

³⁸² Bruce E. Wright, "Pluralism and Vanguardism in the Nicaraguan Revolution," *Latin American Perspectives* 17, no. 3 (Summer 1990): 38-54.

³⁸³ This had varying levels of success.

³⁸⁴ This likely contributed to the moderate minority resigning from the council in 1981.

³⁸⁵ Ilja A. Luciak, "Democracy in the Nicaraguan Countryside: A Comparative Analysis of Sandinista Grassroots Movement," *Latin American Perspectives* 17, no.3 (Summer 1990): 55-75.

³⁸⁶ An argument can be made that the regime only survived five years. If we accept that 1984 marked a democratic election where the Sandinistas were democratically elected, then this marks a transition in the type of regime in power (single party). The 1984 elections marked a new regime where the Sandinistas were the party that was elected. Notably, the FSLN did win power again in the late 1990s through a power-sharing arrangement and unilaterally in the mid-2000s.

extreme levels of pressure from a foreign power that was many times larger, providing further evidence of the regime's relative stability. Finally, when the government structure did transform, it democratized, which is not unusual for single-party regimes.³⁸⁷

The motivation behind the Sandinistas conducting relatively fair elections³⁸⁸ in 1984 is unclear. On one hand, soon after assuming power the regime committed to holding elections by 1985.³⁸⁹ However, some researchers doubt the sincerity behind this promise. Prevost and Vandan, for example, argued that while the Sandinistas were committed to participatory democracy, they were skeptical as to the validity of Western-style representative democracy due to their experiences with the Somoza regime's manipulation of elections and use of puppet presidents as well as their "unconscious authoritarian beliefs (which resulted from principally from Nicaraguan political history and culture)."³⁹⁰ The ultimate decision to hold elections in 1984 appears to be the product of a confluence of forces including pressure from European aid

³⁸⁷ This is consistent with single-party regime structures, single-party regimes are more likely to democratize than personalist regimes, although less likely to democratize than military juntas. See Barbara Geddes, Joseph Wright, and Erica Frantz. "Autocratic Breakdown and Regime Transitions: A New Data Set." *Perspectives on Politics* 12, no. 2 (June 2014): 313-331.

³⁸⁸ There is debate as to the fairness of these elections, particularly from American sources. The validity of these elections was strongly challenged by the United States, in large part because one of the most important opposition groups, Coordinadora Democrática Ramiro Sacasa (CD) withdrew from the 1984 elections despite the FSLN's considerable concessions to ensure their continued participation. Some have argued that the CD withdrew from the election under pressure of the Reagan Administration to embarrass Nicaragua and delegitimize the 1984 elections, providing the United States with continued justification to wage a proxy war with the USSR. Given the numerous reports of the relative fairness of the election up to that point, it seems that this might be the case. Notably, though, the United States was not alone in calling upon political parties to abstain. For example, both *La Presna*, Nicaragua's newspaper of record, and the Contras called for non-participation. See Christiane Berth, *Food and Revolution: Fighting Hunger in Nicaragua, 1960-1993* (Pittsburgh: University of Pittsburgh Press, 2021): 115; Jonas and Stein, "The Construction of Democracy in Nicaragua," 10-37; and Shelley A. McConnell, "Nicaragua's Troubled Transition to Democracy." In *Oxford Research Encyclopedia of Politics*. Published online April 30, 2020; updated March 23, 2022, 1. However, most observers agree that the elections were relatively fair and a good start.

³⁸⁹ Jonas and Stein, "The Construction of Democracy in Nicaragua," 15.

³⁹⁰ Gary Prevost and Harry E. Vanden. "Democracy and Socialism in Sandinista Nicaragua" (1993) Government and International Affairs Faculty Publications, University of South Florida. Paper 37. http://scholarcommons.usf.edu/gia_facpub/37 (accessed November 18, 2022), 19-20.

benefactors and the need to boost the regime's democratic credentials as the state devolved into civil war with US-financed Contras.³⁹¹

Interestingly, Geddes *et al.* do not change Nicaragua's regime type after the election, largely due to the nature of their coding rules.³⁹² However, applying rigid coding schemes to qualitative studies is not always useful and can sometimes confound results. In the case of Nicaragua, classifying the Sandinistas as a single-party autocracy prior to 1984 was logical as the regime had not yet held elections and decisions were made by party executives, not a personalist leader or the military. However, the regime type began to evolve in 1984 as the regime started democratizing institutions.

Following the elections, the Sandinistas reconfigured the National Assembly to ensure that all parties that participated in the election were represented proportionally and excluded the mass organizations that were often seen as shells for the FSLN.³⁹³ During this time, the state also began the process of writing a constitution through a 22-member Constitutional Commission selected by the elected National Assembly. The commission was comprised of twelve members of the FSLN and ten members from other political parties.³⁹⁴ Interestingly, the Sandinistas were entitled to a larger proportion of seats on the Commission but they waived this right, thereby ensuring adequate representation from the other parties. Finally, the regime began to consider granting the indigenous populations autonomy. In December 1984, the regime formed the

³⁹¹ David Close, Salvador Martí I Puig, and Shelley A. McConnell, eds, *The Sandinistas and Nicaragua Since 1979* (Boulder, CO: Lynne Rienner Publishers, 2012,) 6; Jonas and Stein, "The Construction of Democracy in Nicaragua," 15; Prevost and Vanden, "Democracy and Socialism in Sandinista Nicaragua," 19-20.

³⁹² Specifically, Geddes *et al.* require that an incumbent be voted out of office and surrender power to their opposition before a state can be coded as a democracy. There are many reasons why Geddes *et al.* adopt this coding rule, and it is logical in a large-N context. See Geddes *et al.*, "Autocratic Breakdown and Regime Transitions," 313-331.

³⁹³ This was demanded by minority parties and the Sandinistas acceded to their demands. See, Jonas and Stein, "The Construction of Democracy in Nicaragua," 24.

³⁹⁴ Jonas and Stein, "The Construction of Democracy in Nicaragua," 10-37.

National Autonomy Commission, staffed with social scientists and charged with evaluating the prospects of establishing an autonomous region along the Atlantic coast.³⁹⁵ In light of these important institutional changes, I would argue that Nicaragua began transitioning into a democracy starting in 1984 while retaining some of its original single-party characteristics.³⁹⁶ This suggests that the Nicaraguan regime would best be classified as a single-party regime from 1979 to 1984 and a hybrid single-party autocracy/transitioning democracy from 1985 to 1990. I agree with Geddes *et al.* that the regime fully transformed into a transitioning democracy once the Sandinistas lost power in 1990.³⁹⁷

Regime type and Loyalty Norm do not share a 1:1 relationship. That said, it is generally accepted that as the regime moves towards more democratic rule, the Winning Coalition should increase in size and the Loyalty Norm should grow weaker. The specific strength of a state's Loyalty Norm on a numeric scale will vary depending on its specific institutional arrangements.³⁹⁸ Typically, the size of the Winning Coalition for a single-party autocracy will be larger than that for a personalist regime, although this is an issue under debate.³⁹⁹ According to Barbara Geddes for example, the size of Winning Coalition must widen for single-party

³⁹⁵ Hans Petter Buvollen, "Autonomy: Tactic and Self-Determination: The Sandinista Policy towards the Indigenous Peoples of Nicaragua" *Caribbean Quarterly* 36, no.1/2 (June 1990): 109.

³⁹⁶ Despite taking these steps, the regime had not yet fully democratized. For example, power remained highly concentrated in the Sandinista's hands and many of the new burgeoning democratic institutions were not yet codified into state structures. Moreover, many of these structures formed as an avenue of state employment for privileged domestic audiences and the bureaucracy was bloated, a common characteristic of party-based autocracies. Many of the policies that were introducing democratic reforms, such as promulgating a constitution or granting indigenous groups autonomy took years to come to fruition.

³⁹⁷ Geddes *et al.*, "Autocratic Breakdown and Regime Transitions," 313-331.

³⁹⁸ For example, Bueno de Mesquita *et al.* argues that in presidential political systems, the size of the Loyalty Norm approximates 0.5, however in 'first past the post' parliaments, the Winning Coalition will be closer to .25. In parliamentary systems, as the number of parties competing increases, the size of the Loyalty Norm should decrease and grow stronger. See Bueno de Mesquita, *et al. The Logic of Political Survival*, 86-87.

³⁹⁹ Xun Cao and Hugh Ward, "Winning Coalition Size, State Capacity, and Time Horizons: An Application of Modified Selectorate Theory to Environmental Public Goods Provision," *International Studies Quarterly* 59, no. 2 (June 2015): 265; Eric Chang, and Miriam A. Golden, "Sources of Corruption in Authoritarian Regimes," *Social Science Quarterly* 91, no.1 (March 2010): 1-20; Geddes *et al.*, "Autocratic Breakdown and Regime Transitions," 313-331; and Bueno de Mesquita, *et al. The Logic of Political Survival*, 86-87.

regimes relative to personalist regimes, and she defines the Winning Coalition for the single-party regime as the entire dominant party.⁴⁰⁰ I believe that for single-party regimes it may be more accurate to characterize the higher echelons as its Winning Coalition, and the greater party itself as the Selectorate. It then follows that if Nicaragua is viewed as a single-party autocracy from 1979 to 1984, a hybrid single-party/transitioning democracy from 1984 to 1989, and a transitioning democracy in 1990, then the size of its Winning Coalition and Loyalty Norm should have also evolved during this time. At least qualitatively, one can say that the regime's Loyalty Norm was stronger when the regime was a single-party autocracy and weakened following the democratic elections of 1984. In Appendix 5.1, I examine Nicaragua's political structure and the construct of the regime's Winning Coalition and Selectorate in greater detail.

Sanctions

The United States imposed sanctions on Nicaragua for almost ten years, stretching from 1981 through 1990. From 1981 to 1985, the United States' sanctions were targeted. Starting in early 1985 however, the United States imposed comprehensive sanctions against Nicaragua and this more aggressive campaign lasted until 1990. In what follows I briefly review how the Nicaraguan sanctions regimen evolved over time.

During the first phase of the Nicaraguan episode, the United States' targeted sanctions included the suspension of foreign aid,⁴⁰¹ the use of their influence over international institutions

⁴⁰⁰ Geddes et. al., "Autocratic Breakdown and Regime Transitions," 313-331.

⁴⁰¹ The Carter Administration had pushed a \$75 million US aid package through Congress conditional on, amongst other things, Nicaragua foregoing aid to foreign militants. (This was in addition to the \$19 million US aid package that was awarded to Nicaragua immediately after Somoza left office). The aid package committed to providing large amounts of food, financial and emergency aid prior to the imposition of sanctions. However, when Carter determined that Nicaragua was arming guerrillas in El Salvador, he suspended the distribution of the final \$15 million US of that aid package until Nicaragua was again in accord with the terms of the agreement. Nicaragua ceased arming guerrillas in El Salvador to resecure American aid, but it was too late. The Reagan administration, which took office in the interlude, cancelled the aid permanently, claiming that the cessation in armaments was

and private banks to block Nicaragua's access to credit and loans,⁴⁰² and the restriction of trade relations between the two states.⁴⁰³ During the Carter Administration the sanctions imposed on Nicaragua were limited and consisted primarily of the suspension of foreign aid in January of 1981 following the revelation of Sandinistan support of El Salvadoran militants.⁴⁰⁴ Despite suspending foreign aid payments, Carter remained hopeful that the Sandinistas would soon withdraw from El Salvador and cooperation would be reestablished.⁴⁰⁵ Reagan took a more hardline approach to relations with Nicaragua when he assumed office in 1981. First, he condemned the Sandinistas and canceled the aid program altogether. Soon thereafter, Reagan imposed additional sanctions targeting Nicaragua's access to credit and multilateral assistance, as well as imposing limited trade sanctions.⁴⁰⁶ Examples included suspending food aid, substantially reducing Nicaragua's US import sugar quota, downgrading Nicaragua's credit rating, and blocking a \$30.7 million US loan from the Inter-American Development Bank for 50 fishing boats.⁴⁰⁷ Reagan continued to expand the use of targeted sanctions throughout the early 1980s until 1985, when the US imposed a more robust comprehensive sanctions regimen.

simply a seasonal fluctuation and that the Sandinistas were not to be trusted. See Leogrande, "Making the Economy Scream," 331.

⁴⁰² Leogrande, "Making the Economy Scream," 336-338 and Philip Taubman, "21 Nicaraguans in 6 Consulates Expelled by U.S." *New York Times*, June 8, 1983.

⁴⁰³ Examples include denying Nicaragua credit through the US Import-Export Ban, forcing Nicaragua to pay cash for its imports from the United States and reducing Nicaragua's share of the US sugar quota by 90%. See Leogrande, "Making the Economy Scream," 338.

⁴⁰⁴ These militants were complicit in abducting and killing four US citizens. Congress stipulated that US aid was conditional on the Sandinistas not threatening the security of the United States or their Latin American allies with an eye to rising hostilities in El Salvador and concerns that the FSLN might attempt to fan these flames. See Office of the Historian, U.S. Department of State. "Central America, 1977-1980." *Milestones in the History of U.S. Foreign Relations*. <https://history.state.gov/milestones/1977-1980/centralamericacarter#:~:text=In%20December%201980%2C%20the%20abduction,or%20in%20evading%20the%20investigation> (accessed November 19, 2022); and Juan de Onis, "U.S. Halts Nicaragua Aid Over Help for Guerillas." *New York Times*, January 23, 1981.

⁴⁰⁵ Leogrande, "Making the Economy Scream," 329-348.

⁴⁰⁶ Leogrande, "Making the Economy Scream," 329-348.

⁴⁰⁷ Leogrande, "Making the Economy Scream," 333-334.

During the second phase of the Nicaraguan sanctions campaign, the United States invoked International Emergency Economic Powers Act (IEEPA) to impose comprehensive economic sanctions.⁴⁰⁸ The United States established a total trade embargo, banned Nicaraguan air transport from operating in the US, prohibited Nicaraguan ships from entering US ports, and notified Nicaragua of their intent to terminate their Treaty of Friendship.⁴⁰⁹

Estimates of the cost of US sanctions vary, but some researchers place total costs around \$400-500 million US over ten years. To put this in context, this is a loss of approximately 3.2% of Nicaragua's GNP or about \$16.67 per capita.⁴¹⁰ A large part of the reason that sanctions were not even more costly was that other foreign aid softened the blow during the early years of the decade, and Nicaragua diversified its economy prior to the imposition of comprehensive sanctions in 1985. Nevertheless, the ultimate impact of the US sanctions regime should not be underestimated, and it is likely that US sanctions significantly contributed to the regime signing and abiding by the Esquipulas Agreement in 1987.

Primary Dependent Variables

My predictions of how leaders alter their domestic policies are conditioned by the state's institutional structures and the types of sanctions that are imposed. In Nicaragua, as discussed above, both the Loyalty Norm of the regime and the sanction type imposed by the US evolved during the 1980s. During the first phase of the episode (1981 – 1985), targeted sanctions were imposed by the US and the regime's Loyalty Norm was relatively strong. Following the elections of 1984, the regime's Loyalty Norm weakened and remained so during the balance of

⁴⁰⁸ Leogrande, "Making the Economy Scream," 340.

⁴⁰⁹ See Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*.

⁴¹⁰ See Hufbauer, *et al.*, "Case 88-1," *Economic Sanctions Reconsidered*.

the 1980s. The United States imposed comprehensive sanctions in May 1985, ushering in the second phase of the sanctioning episode. Because of these changes the episode is best divided into two phases. Towards the end of February 1990, the Sandinistas again held free elections and were defeated, and on April 25 Violeta Chamorro was sworn in as President. This signified Nicaragua's full transition into a new democracy, and Nicaragua's Loyalty Norm was now what one would call "weak". Comprehensive sanctions were withdrawn in March of 1990. The evolution of the Nicaraguan episode, and the expected policies employed by leaders in response to these dynamics is summarized in Table 5.2 below.

Table 5.2: Impact of Political Structures, Predictions by Phase

Phase	Years	Hypothesis	Sanction Type	Political Structure	Predicted Policy
1	1981 – 1985	One: B	Targeted	Loyalty Norm: Strong	No Change in Systemic Repression
2	1985 – 1990	One: C	Comprehensive	Loyalty Norm: Weakening	No Change in Patronage

For the first phase of the sanction episode (1981-1985), Hypothesis One: B predicts that when targeted sanctions are imposed on a state with a strong Loyalty Norm, the leader will not change their use of Systemic Repression. For the second phase of the sanction episode (1985 – 1990), Hypothesis One: C predicts that when comprehensive sanctions are imposed on a state with a weak Loyalty Norm, leaders will not alter their use of Patronage. Below, I summarize findings concerning how the dependent variables of Patronage and Systemic Repression changed over time and then briefly review the potential impact of other variables. A detailed account of the use of Public Goods and Targeted Repression by the Sandinista regime is provided in Appendix 5.2.

Systemic Repression

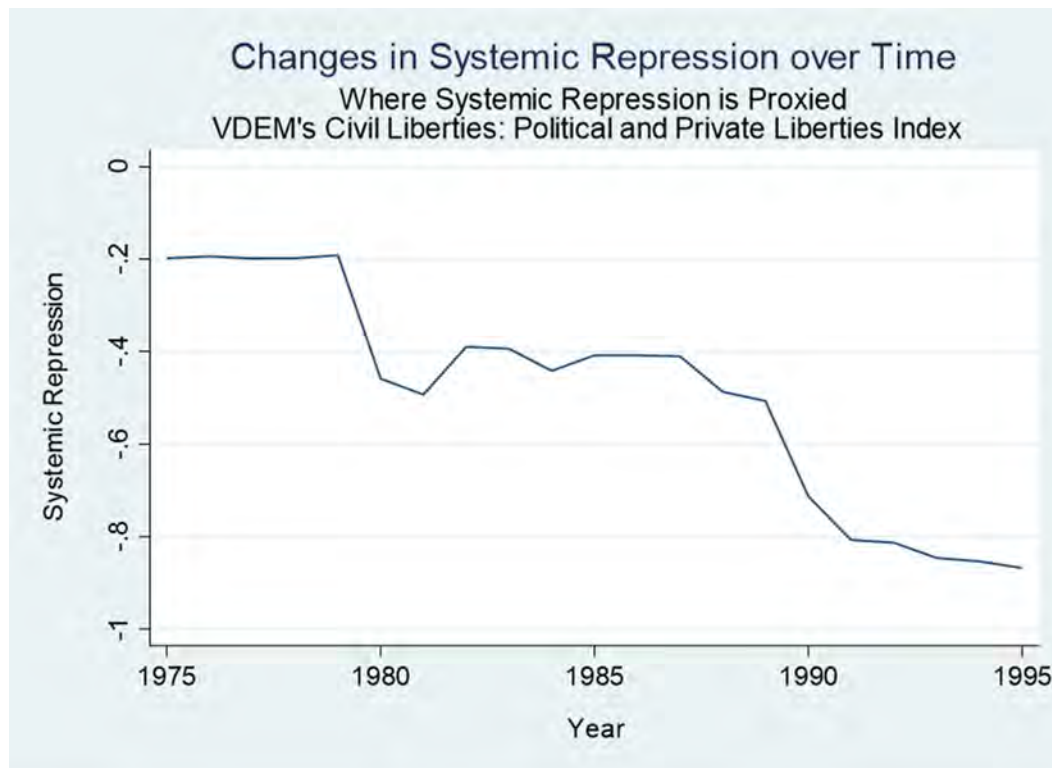
The Sandinista's use of Systemic Repression was relatively stable during the Nicaraguan episode. To be clear, the Sandinista regime did employ moderate levels of Systemic Repression, including violations of civil rights, the harassment of journalists, closing newspapers, and prohibiting protests.⁴¹¹ However, fluctuations in their use of Systemic Repression during the episode seem closely related to episodes of increased aggression by the Contras. For example, around 1982 there was an increase in censorship and surveillance programs following the Contras' destruction of two bridges and fuel tanks. In 1986 the Sandinistas closed La Presna, the most popular independent newspaper in Nicaragua, in reaction to further US funding of the Contras. The newspaper reopened in mid-1987 as the regime bowed to international pressure.

The VDEM measure of Systemic Repression in Nicaragua over time, plotted in Figure 5.1 below, provides interesting insights into the regime's use of Systemic Repression. According to this index, there was a significant decrease in the use of Systemic Repression with the ouster of the Somoza regime and the rise of the Sandinistas. In 1982, as noted above, there was a small rise in the index that can be associated with increased Contra activity. Beyond these instances, the degree of Systemic Repression remained relatively constant throughout Sandinista rule until 1990 when the regime was voted out of power. At this point the VDEM index again falls substantially. Interestingly, in 1984 there is a small dip in the index which is most likely associated with a decrease in Systemic Repression in the run-up to the 1984 elections. The overall trend in the use of Systemic Repression is consistent with Hypothesis One: B, which

⁴¹¹ In 1980 the FSLN began censoring press coverage of political opponents' political rallies and restrict access to the radio by the Church, particularly by Archbishop Obando y Bravo. See Pastor, *Not Condemned to Repetition*, 193.

predicts that when targeted sanctions are imposed on a state with a strong Loyalty Norm the leader will not change their use of Systemic Repression.

Figure 5.1: Changes in Systemic Repression in Nicaragua over Time proxied by VDEM's Civil Liberties: Political and Private Liberties Index.

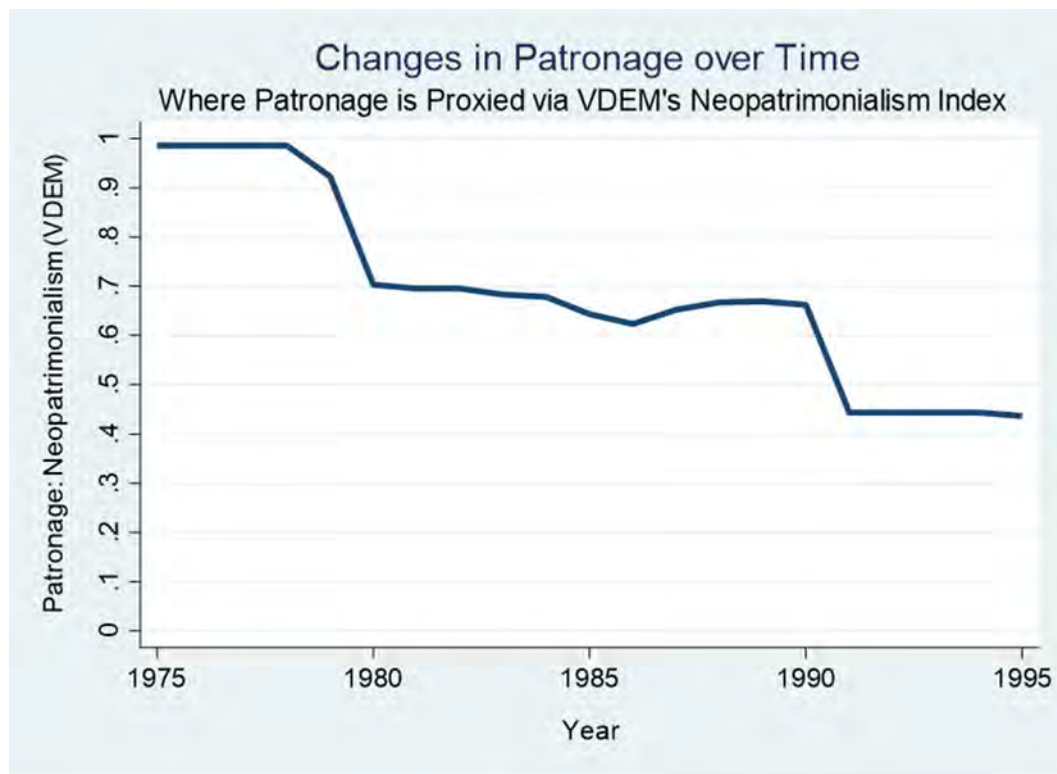


Patronage

The VDEM Neopatrimonialism Index for Nicaragua (shown in Figure 5.2 below) decreased strongly with Somoza's ouster, then remained relatively constant during the entire sanction episode apart from a dip that can be associated with the 1984 election. Therefore, for the second phase of the sanction episode (1985-1990), the VDEM Neopatrimonialism Index appears to find agreement with Hypothesis One: C which predicts that when comprehensive sanctions are imposed on a state with a weak Loyalty Norm leaders will not alter their use of Patronage. My own findings for the use of Patronage by the Sandinistas during the second phase of the sanction

episode (1985-1990), described in the next section of this chapter, disagree with Hypothesis One: C and the time-trend of the VDEM Neopatrimonialism Index. The Sandinistas employed increased levels of Patronage to maintain power and coopt an expanding Winning Coalition.

Figure 5.2: Changes in Patronage in Nicaragua over time proxied by VDEM's Neopatrimonialism Index



During the first years of the Sandinista regime, they distributed expropriated land to agriculture cooperatives.⁴¹² With the 1984 election, the land distribution policies changed as the regime reallocated more land to the peasants⁴¹³ to secure support and battle the Contra threat. What is particularly interesting about the revised land distribution policy is that it benefited a

⁴¹² Berth, *Food and Revolution*, 68-92.

⁴¹³ Luciak, "Democracy in the Nicaraguan Countryside," 123.

larger subset of the population, beyond the pre-election Winning Coalition. The policy was directed towards a specific group, the peasants, to influence their vote in the new democratic process, so the reformulated policy was both cooptative and exclusionary. This policy change also signals the regime's recognition that the movement towards democratic institutions expanded (and therefore weakened) the Winning Coalition. Therefore, I believe the revised land redistribution policy after the 1984 election falls within the classification of clientelism and represents an increase in Patronage.

The food distribution network was regulated by the state through the Neighborhood Associations (CDS) with ration cards for scarce commodities introduced beginning in 1982. Some abuse of authority did occur during the first phase of the sanction episode, taking the form of state employees selling food donations for personal profit and speculation.⁴¹⁴ As the food crisis deepened as US sanctions and the Contra War took an increasing toll on the Nicaraguan economy, corruption in the food distribution network increased. As noted by Christiane Berth,

With food policy turning into crisis management after 1985, the government's capacity to distribute donations declined and corruption increased. Donated food surfaced on the black market, which undermined Nicaraguans' confidence in the revolution and its government.⁴¹⁵

Corruption is one of the three primary components of the VDEM Neopatrimonialism Index that I use to measure Patronage. Other indicators of the regime's increased use of Patronage during the second phase include the state coopting the Mikitsu Natives by offering autonomy and self-determination⁴¹⁶ in exchange for turning away from the Contras (clientelism), and the growing propensity of the regime and its Winning Coalition to indulge in luxury items (corruption).⁴¹⁷

⁴¹⁴ Berth, *Food and Revolution*, 96.

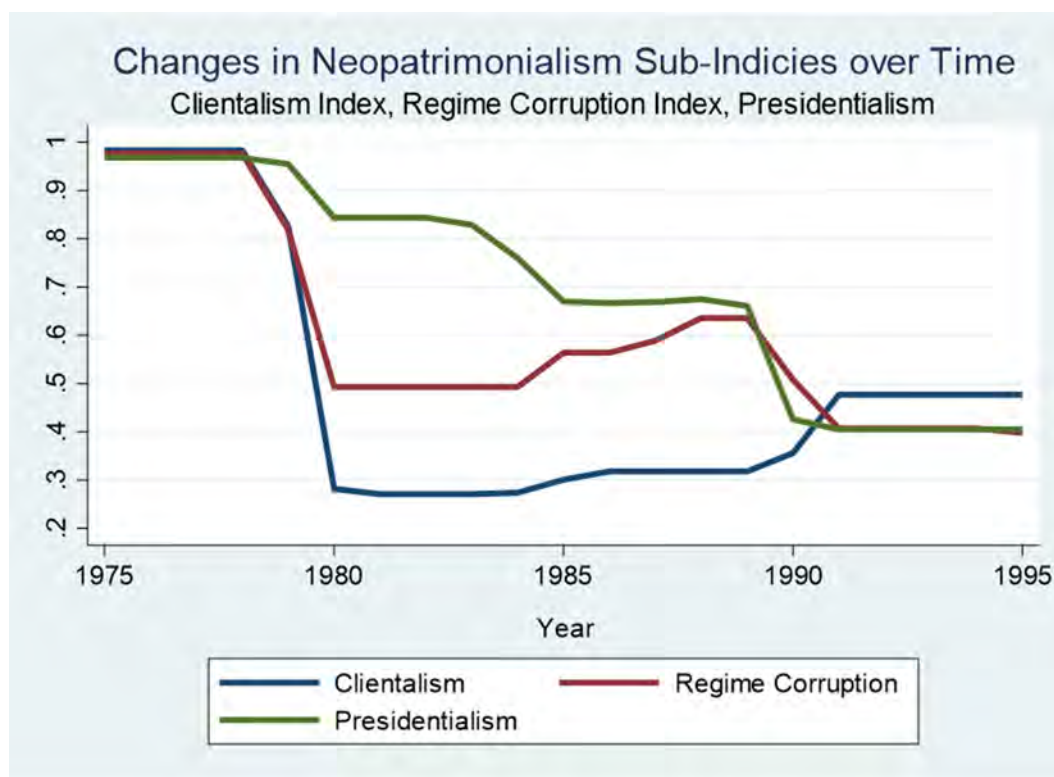
⁴¹⁵ Berth, *Food and Revolution*, 137.

⁴¹⁶ Buvollen, "Autonomy: Tactic and Self-Determination," 108.

⁴¹⁷ Stores that provided luxury goods in exchange for foreign dollars. See Berth, *Food and Revolution*, 160.

Taken together, the revised land and food distribution as well as the cooptation of the Mikitsu Natives and indulgences of the regime itself indicate that Patronage increased during the second phase of the sanction episode (1985-1990), in conflict with Hypothesis One: C and the trend seen in the VDEM Neopatrimonialism Index for Nicaragua (Figure 5.2) discussed above. To try to resolve this conflict, I have unpacked VDEM's Neopatrimonialism Index into its three components of Regime Corruption, Clientelism, and Presidentialism (see Chapter Three) and plot them together in Figure 5.3 below.

Figure 5.3: Changes in the Neopatrimonialism Sub-Indices in Nicaragua over Time



The behavior of the sub-indices over time in Nicaragua indicate that the two sub-indices most closely connected with Patronage, Regime Corruption and Clientelism, increased during and after 1985 in agreement with my own evaluation in this case study. At the same time, however,

Presidentialism decreased, likely in response to the 1984 election. Together, the increase in Regime Corruption and Clientelism and the decrease in Presidentialism produce no significant change in the Neopatrimonialism Index over time for Nicaragua.

Adding Complexity: Other Variables

The factors that determine behavior can vary depending on a state's culture and context. However, researchers have identified specific patterns that allow us to predict how different phenomenon will influence a leaders' policy choices. Some of these patterns, such as the state's political structure, are explicitly examined in this case study. Other patterns such as the role of economic structure are considered in my broader thesis but are not the focus of this specific study. Nevertheless, to more fully understand how sanctions and political structure interact to influence a leader's policy decisions I need to consider other variables as well.

For the purposes of this case, there are three other influences on the Sandinista regime's behavior that I explicitly consider: 1) The interaction between Nicaragua's economic structure and the imposed sanctions; 2) The effects of militarized conflict on the regime's policy choices, and 3) The impact of Third-Party Actors on the efficacy of sanctions and the regime's policy decisions. In the following sections I examine how each of these variables can influence the impact of sanctions and therefore condition Sandinistan behavior. To do this I draw on insights from the broader policy literature and my own theoretical predictions about how economic duress shapes autocratic behavior.

Economic Structure

This study examines how Nicaragua's political structures conditioned the impact of sanctions on autocratic behavior. However, my larger theoretical argument, laid out in Chapter Two, posits that *both* the state's economic and political structures should influence how states respond domestically to the imposition of different types of sanctions. Specifically, in addition to Hypothesis One, which makes predictions about how political structures condition the autocrat's response to sanction type, I also introduced Hypothesis Two, which states:

Hypothesis Two:

The impact of a state's income source on a leader's domestic responses to sanctions is contingent on the sanction type imposed.

- A) When comprehensive sanctions are imposed: as the leader's reliance on earned income increases, the leader's use of Public Goods increases.
- B) When targeted sanctions are imposed: as the leader's reliance on earned income increases, there will be no change in the leader's use of Public Goods.
- C) When comprehensive sanctions are imposed: as the leader's reliance on unearned income increases, there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the leader's reliance on unearned income increases, the leader's use of Patronage increases.

During the sanction episode, the Sandinista regime was primarily reliant on unearned income.

Therefore, the prediction of Hypothesis Two: C is most appropriate. Both Hypotheses One: C and Two: C predict no change in the use of Patronage during the second phase of the sanction episode (1985-1990), when comprehensive sanctions were imposed as the Loyalty Norm weakened (Hypothesis 1: C) and the regime was reliant on unearned income (Hypothesis 2: C).

In other words, according to my theory, the economic and political structures of the state are not in conflict. Both tend towards no change in the regime's use of Patronage during the second phase of this episode.

Militarized Conflict

In parallel with the sanctions imposed on Nicaragua from 1981 to 1990, the US supported the Contras, a set of loosely connected home-grown insurgent groups largely operating out of bases in Honduras who were active from 1982 through the late 1980s. Indeed, the Contras have been characterized as military proxies for the United States.⁴¹⁸ The United States also launched its own covert offense operation, the Unilaterally Controlled Latino Assets (UCLAs) comprised of mercenaries recruited from Latin America. To some extent, the conflicts between the Contras, UCLAs, and Sandinistas represent an intervening variable in my analysis, generating uncertainty in my results. However, in Appendix 5.3 I argue that both the Contras and the UCLA were engaged in economic warfare, rather than traditional military action.⁴¹⁹ Despite US support and substantial manpower, the Contras never achieved the capacity to seize and maintain control of a large town, much less directly challenge the Nicaraguan army. Therefore, they reverted to alternative targets, such as vehicle parks, bridges, power stations, and lightly defended farms, despite CIA guarantees to the contrary.^{420,421} In fact, Contra Leader Enrique Bermúdez actually claimed that the “aim of contra military attacks inside Nicaragua was not to foster democratic reforms (which was the Reagan administration's argument at the time) but to ‘heighten [Sandinistan] repression.’”⁴²² Examples of UCLA attacks⁴²³ include the destruction of oil storage tanks in Corinto (which resulted in such high costs⁴²⁴ that it led the Exxon Corporation to pull its

⁴¹⁸ Sobel, “Contra Aid Fundamentals,” 304.

⁴¹⁹ Leogrande, “Making the Economy Scream,” 329-348.

⁴²⁰ The CIA had assured Congress that the Contras were exclusively targeting military installations. See, Leogrande, “Making the Economy Scream,” 343.

⁴²¹ Stephen T. Hosmer, “Facilitating Coups or Rebellions,” In *Operations Against Enemy Leaders*, (Santa Monica: Rand Corporation, 2001), 92; and Leogrande, “Making the Economy Scream,” 343.

⁴²² Jonas and Stein, “The Construction of Democracy in Nicaragua,” 23.

⁴²³ US special forces provided support.

⁴²⁴ Costs included the loss of 3.2 million gallons of fuel, the injury of 112 people, and the evacuation of 20,000 people from the city. See, Leogrande, “Making the Economy Scream,” 342.

tankers from Nicaragua),⁴²⁵ and the mining of Nicaragua's harbors to discourage trade at a loss of around \$10 million US to the Nicaraguan economy.⁴²⁶

In this light, we can view the Contra/UCLA–Sandinista conflict as economic warfare in the most literal sense of the term. At a minimum, the impact of this economic warfare was clearly felt by the Sandinista regime and influenced their policy formation, particularly the use of repressive policies. While the Contras and the UCLAs avoided engaging with the Nicaraguan army directly due to their inferior numbers,⁴²⁷ both groups threatened regime stability and territorial integrity. This led the Sandinistas to devote a significant percentage of the government budget to military spending, and by 1986 the government was expending approximately 55% of its budget on the Contra war.⁴²⁸

I anticipate that such high levels of militarization in combination with the ever-present threat of Contra/UCLA aggression would have caused the regime to increase their use of coercion, largely due to budget restrictions and political inertia. Furthermore, because the regime devoted so many resources into building the military, few resources remained for coopting the domestic audience through the distribution of Public Goods such as the national healthcare program or extending secondary education access to mitigate domestic unrest. In other words, even if the regime preferred to coopt rather than suppress, they were driven to employ more repressive policies. The ongoing conflicts certainly led to episodes of increased Targeted and Systemic Repression, including the declarations of states of emergency, censorship,

⁴²⁵ Leogrande, "Making the Economy Scream," 342.

⁴²⁶ Leogrande, "Making the Economy Scream," 342.

⁴²⁷ Leogrande, "Making the Economy Scream," 340.

⁴²⁸ Leogrande, "Making the Economy Scream," 342. This percentage did begin to decline in the face of the mounting fiscal crisis in 1988.

and increased domestic surveillance as the regime deployed forces domestically to combat the counterrevolutionary militias.

Third Party Actors

Third-Party Actors also played a role in the US-Nicaraguan conflict. Their influence can be grouped into three broad categories: Third-Party support for the Sandinistas, Third-Party aid for the Contras, and the Five-Party Settlement Talks. Below I explore how each shaped Nicaraguan behavior.

Third Party Aid for the Sandinistas

Third parties began intervening and providing the Sandinistas with support soon after the imposition of US sanctions. When Reagan first cancelled US aid to Nicaragua in 1981, the USSR quickly offered to provide Nicaragua with 20,000 tons of wheat to compensate for the cancelled shipment, Libya offered Nicaragua a loan for \$100 million US, and Cuba provided Nicaragua with \$64 million US in technical aid.⁴²⁹ As sanctions intensified, international audiences became increasingly critical of US actions. Multiple US allies openly opposed sanctions and continued to trade with Nicaragua, and some countries even extended Nicaragua new trade credits following the United States' imposition of comprehensive sanctions in 1985.⁴³⁰ Numerous international organizations condemned the sanctions regimen including the Latin American Economic System, the OAS Permanent Council, and the Caribbean Community

⁴²⁹ Leogrande, "Making the Economy Scream," 331.

⁴³⁰ These included Canada, France, Italy, Sweden, and the Netherlands. Washington had previously convinced Mexico to stop selling Nicaragua oil on credit and following the United States imposition of comprehensive sanctions, Mexico reversed this decision. See, Leogrande, "Making the Economy Scream," 340.

(CARICOM).⁴³¹ The UN Security Council voted 11-1 for a resolution criticizing the sanctions, with the US as the only no vote (three countries abstained), and a similar measure passed in the UN General Council (84-4). During a trip to Europe and the Soviet Union following the imposition of comprehensive sanctions, Ortega received pledges of \$352 million US in loans from various countries which, theoretically at least, would have more than compensated for the costs of sanctions.

The impact of third-party aid to the Sandinistas was two-fold. First, it certainly helped to reduce the impact of US sanctions, at least initially. Second, foreign aid qualifies as a form of unearned income. Therefore, as the Sandinista's receipt of foreign aid increased, the regime's reliance on unearned income also increased. Ultimately, the foreign aid itself could not save the Nicaraguan economy as inflation ran amok in the late 1980s, the Contra war continued to target the economy, and natural disasters such as the 1987 hurricane devastated the country.

Third-Party Support for the Contras

Other countries provided support to the Contras in addition to the United States. As previously discussed, the Contras received approximately \$322 million US in aid from the United States from 1982 to 1990 while third party countries and private donors provided around \$54 million US.^{432,433} Third-party actors also provided logistical and strategic support. For example, the Argentinians provided the Contras with training and Honduras provided the Contras with a safe haven to serve as a base of operations. This support allowed the Contras to wage economic warfare more effectively against the Sandinistas.

⁴³¹ Leogrande, "Making the Economy Scream," 339.

⁴³² Approximately \$10 million US did not reach the Contras because it was deposited into the wrong Swiss Bank Account.

⁴³³ Sobel, "Contra Aid Fundamentals," 290.

Five-Party Settlement Talks

The final major source of third-party intervention was the peace settlement brokered through the Central American Peace Process. The Esquipulas II Accord, signed in 1987, resolved the ongoing dispute between the Contras and Nicaragua as well as other ongoing issues in the region.⁴³⁴ To achieve this goal, each participant had to meet a series of specified requirements and undertake various steps. The two provisions of the Esquipulas II Accord that most strongly affected Nicaraguan behavior were its requirement for Nicaragua to fully democratize and again hold elections and the requirement for Honduras to stop providing the Contras with a haven. Honduras disbanded the Contra camps, helping to bring an end to the ongoing militarized conflict as the Contras were no longer able to operate as freely and, therefore, less able to wage economic war against the Sandinistas.⁴³⁵

The signing of the Accord led to an increase in Public Goods and decrease in Systemic Repression in Nicaragua as the Sandinistas sought to show their commitment to democratic reform. As discussed by Peter McKenna, in 1988 the regime removed bans on many publications and radio programs, freed Contra members from prison, lifted the state of emergency decree, permitted strikes, and instituted judicial reforms guaranteed in the Nicaraguan Constitution.⁴³⁶ The decrease in Systemic Repression is also noted by a decline in VDEM's Civil Liberties: Political and Private Liberties Index in 1987 and beyond in Figure 5.1. Interestingly, as McKenna also notes, opposition groups quickly took advantage of the opportunity to engage in a

⁴³⁴ Peter McKenna, "Nicaragua and the Esquipulas II Accord: Setting the Record Straight." *Canadian Journal of Latin American and Caribbean Studies* 14, no. 27 (1989): 61-84.

⁴³⁵ McKenna, "Nicaragua and the Esquipulas II Accord," 67, 77.

⁴³⁶ McKenna, "Nicaragua and the Esquipulas II Accord," 77.

range of anti-Sandinista activities with relative impunity. All of this culminated in the elections of 1990 removing the Sandinistas from power.⁴³⁷

Summary of the impact of Third-Party Actors

During this first phase of the Nicaragua sanction episode, I would contend that the most important Third-Party Actors were the countries that supported the regime with financial aid and new trade options. More specifically, the USSR, Libya, and Cuba provided Nicaragua with loans, food, and technical aid. This provided some relief in the first phase of the US sanctions, but, later in the decade, foreign aid decreased and could not save the Nicaraguan economy. During the second period, the passage of the Esquipulas II Accords was likely most influential, leading to an overall increase in Public Goods and ultimately, with the elections of 1990, the end of the sanctions episode.

Section Two: Examining Behavior Over Time

The United States imposed sanctions against Nicaragua from 1981 through 1990, and the sanction types evolved throughout the episode. Once Reagan assumed the presidency, the underlying motivations behind sanctions: to isolate Soviet allies, destabilize the regime, and promote democratization, remained consistent.⁴³⁸ Because US tactics against Nicaragua evolved

⁴³⁷ McKenna, "Nicaragua and the Esquipulas II Accord," 61-84.

⁴³⁸ When aid sanctions were imposed by Carter, the stated purposed was to compel the Sandinistas to halt their support of El Salvadoran rebels. However, Reagan maintained and expanded the sanctions regime even after the Sandinistas halted their support. At the time, the Reagan Administration argued that the Sandinistas withdrawal of aid in 1981/1982 following US sanctions was a short-term, seasonal reduction. Moreover, the United States argued that Nicaragua continued to support El Salvadoran rebels throughout the 1980s, however evidence supporting this claim is circumstantial and suggests that any aid provided by the Nicaraguans was extremely limited and haphazard. See James Lemoyne, "Salvador Rebels: Where do they get the arms?" *New York Times*, November 24, 1988. Despite claims otherwise, the extensiveness of US sanctions throughout the 1980s suggests that the Reagan Administration was motivated by other factors. Moreover, several US officials, including President Reagan, made statements indicating that that US policy towards Nicaragua was largely driven by a desire to promote

over time, it is useful to divide the Nicaraguan episode into two phases corresponding to shifts in the types of sanctions imposed. The first phase of the sanction episode, characterized by the imposition of targeted sanctions, began when Reagan assumed power on January 20, 1981 and lasted until the United States imposed comprehensive sanctions on Nicaragua from May of 1985. The comprehensive sanctions remained in place until the Spring of 1990, when the Sandinistas stepped down from power.

Prelude

The United States and Nicaragua were closely tied throughout much of the 20th century.⁴³⁹ The first decades were characterized by numerous US interventions as the United States attempted to forestall European influence in Nicaraguan politics in the context of the Monroe Doctrine. Relations stabilized when Anastasio Somoza Garcia ascended to power in the 1930s. The Somoza family dictatorship ruled Nicaragua from 1936 through the late 1970s, either directly or through puppet presidents⁴⁴⁰ and relations between the United States and Nicaragua remained warm during most of this period.⁴⁴¹ US support for the Somoza family declined in the late 1970s, as Carter's concern with the regime's spotty human rights record led the United States to withhold military and economic support during the Sandinistan Revolution, absent reform.

democratization and reduce soviet influence. See, See Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*.

⁴³⁹ See Hufbauer, *et al.*, "Case 77-5," *Economic Sanctions Reconsidered*

⁴⁴⁰ "Nicaragua-The Somoza Era, 1936-1974," in Tim Merrill, ed., *Nicaragua: A Country Study*. (Washington: GPO for the Library of Congress, 1993).

⁴⁴¹ Of course, relations between the two countries at certain times, such as when Somoza Garcia overthrew his successor, Argüello in the mid-1940s. Somoza nominated Argüello to the presidency when domestic groups and the United States opposed his decision to run for reelection in 1944. Contrary to Somoza's expectations, Argüello proved independently minded and was unwilling to allow Somoza to play puppet-master. In response, Somoza, now chief director of the national guard, staged a coup and placed a more submissive ally in nominal control. Despite Somoza's efforts to placate the United States, the US withdrew diplomatic recognition until 1947, when formal diplomatic relations were restored. "Nicaragua-The Somoza Era, 1936-1974," in Tim Merrill, ed., *Nicaragua: A Country Study*.

When the Sandinistas assumed power in 1979, the Carter Administration approached the new regime with both caution and optimism. To moderate tensions and discourage radicalization, the United States began to provide Nicaragua with increasingly larger foreign aid packages to assist with emergency relief and economic reconstruction after the collapse of the Somoza regime. In 1979, the Carter administration had provided the Sandinistas with a total of \$18 million US in foreign aid.⁴⁴² In 1980, Congress approved a \$75 million US aid package⁴⁴³ conditional on Nicaragua adhering to 16 restrictions limiting how Nicaragua could spend the aid and the standards they must meet to receive it.⁴⁴⁴ Some of these restrictions included stipulations committed the Sandinistas to repaying the debt accumulated by Somoza and spending 60% of the aid on the private sector.⁴⁴⁵ The United States also required that Nicaragua must not cooperate with, harbor, or support any foreign or domestic terrorist organizations.⁴⁴⁶ Ultimately the United States, under the leadership of Carter, committed to almost \$100 million US in aid to Nicaragua between 1979 and 1981.⁴⁴⁷

Relations declined sharply in 1981 when intelligence revealed that the Sandinistas were violating the terms of their agreement with the United States and aiding insurgency groups in El Salvador. Carter immediately suspended the remaining \$15 million US in payments due to Nicaragua.⁴⁴⁸ To remedy this, Nicaragua quickly stopped arming guerrillas in El Salvador to

⁴⁴² Leogrande, "Making the Economy Scream," 329-348.

⁴⁴³ Leogrande, "Making the Economy Scream," 329-348. However, this number is contested, see Hufbauer *et al.*, report that the United States donated \$121 million US during from 1979 to 1982. Hufbauer, *et al.*, "Case 89-2," *Economic Sanctions Reconsidered*.

⁴⁴⁴ John A. Soares, "Strategy, Ideology, and Human Rights: Jimmy Carter Confronts the Left in Central America, 1979-1981." *Journal of Cold War Studies* 8, no.4 (Fall 2006): 63 and Leogrande, "Making the Economy Scream," 329-348.

⁴⁴⁵ Soares, "Strategy, Ideology, and Human Rights," 72.

⁴⁴⁶ Soares, "Strategy, Ideology, and Human Rights," 72.

⁴⁴⁷ Leogrande, "Making the Economy Scream," 329-348. However, this number is contested, Hufbauer *et al.*, report that the United States donated \$121 million US during from 1979 to 1982. Hufbauer, *et al.*, "Case 89-2," *Economic Sanctions Reconsidered*.

⁴⁴⁸ The Carter Administration had pushed a \$75 million aid package through Congress conditional on, amongst other things, Nicaragua not aiding foreign militants. When Carter determined that Nicaragua was arming

resecure American aid, but it was too late. The Reagan administration, which had taken office a week after Carter suspended payments, cancelled the foreign aid package permanently, claiming that their cessation in armaments was simply a seasonal fluctuation and that the Sandinistas were not to be trusted. Moving forward, the United States took a decidedly different approach to their dealings with Nicaragua, as the Reagan administration adopted a much more aggressive posture.

Phase One: United States' Targeted Sanctions, 1981-1985

The first period of the Nicaraguan sanction episode was characterized by targeted US sanctions, commencing with Reagan's ascension to power in 1981 until the US imposition of comprehensive sanctions in May 1985. As outlined above, the Sandinista's Loyalty Norm was relatively strong early in this period but grew weaker following the 1984 elections.

Independent Variable: The United States' Targeted Sanctions (1981 - 1985)

Unlike the Carter Administration, which relied primarily on engagement through economic aid in their dealings with Nicaragua, the Reagan Administration saw the Sandinistas as a Communist threat that needed to be contained. Almost immediately after taking power, the Reagan administration formally cancelled the badly needed economic and food aid that had been committed to Nicaragua.⁴⁴⁹ In addition to terminating foreign aid, the United States spent the first half of the 1980s waging a widespread and effective campaign aimed at limiting Nicaragua's access to international credit, loans, and multilateral assistance. When Somoza ceded control in 1979, he left Nicaragua with approximately \$1.5 billion US in debt and a

guerrillas in El Salvador, he temporarily suspended the distribution of the final \$15 million of that aid package until Nicaragua was again acting in accordance with the terms of the agreement. See Leogrande, "Making the Economy Scream," 331.

⁴⁴⁹ Leogrande, "Making the Economy Scream," 331.

crippled economy.⁴⁵⁰ Estimates place the cost of reconstruction around \$2.5 billion US, leaving Nicaragua desperate for external funds.⁴⁵¹ Soon after Reagan took office, the new administration began pressuring private banks to refuse to grant Nicaragua new lines of credit.⁴⁵² The United States further constricted Nicaragua by downgrading its credit-worthiness rating from substandard to doubtful, thereby discouraging potential private lenders despite the fact that Nicaragua adhered to its debt repayment schedule.⁴⁵³ The Reagan Administration's tactics were so effective that the Sandinistas only received a total of \$12 million US in loans from commercial banks after 1979.

To compound these effects, the United States began interfering with Nicaragua's access to multilateral assistance. In particular, the United States blocked Nicaragua's access to multiple loans from the Inter-American Development Bank (IDB) and the World Bank.⁴⁵⁴ Prior to 1981, the IDB and the World Bank had provided Nicaragua with a combined \$284 million US. In contrast, from 1981 to 1984, the two institutions provided Nicaragua with only \$50 million US in loans. Once Nicaragua stopped debt repayments in 1984, it received nothing from either of these institutions.⁴⁵⁵ As Leogrande points out, this left Nicaragua with a net capital outflow during the first half of the decade of approximately \$423 million US; however, largely thanks to the United States maneuverings, they received very little in return.

⁴⁵⁰ \$760 million US of which was owed to private banks. See Richard S. Weinert, "Nicaragua's debt renegotiation," *Cambridge Journal of Economics* 5, no. 2 (June 1981): 187-194.

⁴⁵¹ At the time, Nicaragua was estimated to only have approximately \$3.5 million US in reserves. See Weinert, "Nicaragua's Debt Renegotiation," 188.

⁴⁵² Leogrande, "Making the Economy Scream," 333. Specific banks mentioned include the Bank of America and a London based international banking Syndicate.

⁴⁵³ Leogrande, "Making the Economy Scream," 333.

⁴⁵⁴ The United States utilized a variety of techniques to block loans, including exploiting their majority voting share, employing "bullyboy tactics" to ensure bills were never taken to the floor, and burying loans in committee. Leogrande, "Making the Economy Scream," 336.

⁴⁵⁵ Leogrande, "Making the Economy Scream," 338.

As the United States restricted Nicaragua's access to credit and cash resources, the Reagan Administration also began to undercut the US-Nicaraguan bilateral trade relationship. In 1981 the United States denied Nicaragua credit through the US Import-Export Ban, forcing Nicaragua to pay cash for its imports from the United States.⁴⁵⁶ That same year, the United States applied further pressure by cancelling Nicaragua's Overseas Private Insurance Corporation (OPIC) insurance, which considerably increased investor risk.⁴⁵⁷ Because the United States was simultaneously attempting to block the Sandinista's access to cash during this period, the United States denial of credit and their cancellation of OPIC proved to be a real hardship for the Nicaraguans.

Starting in 1983, the United States began to impose even more costly trade sanctions. In June 1983, Nicaragua expelled three US diplomats for allegedly plotting to assassinate Sandinistan officials.⁴⁵⁸ In response, Washington closed all consulates outside of the capital and ejected 21 Nicaraguan diplomats.⁴⁵⁹ The closure of these consulates severely limited the ability of Nicaraguan trade representatives to network with US businessmen, thus hampering US-Nicaraguan commercial relations.⁴⁶⁰ Finally, in 1983 the Reagan Administration reduced Nicaragua's share of the US sugar quota by 90%, resulting in a loss of over \$14 million US in income.⁴⁶¹ This severe reduction in the sugar quota was described by many as the first step in

⁴⁵⁶ The Bank provides short-term loans to facilitate trade and when Nicaragua was unable to secure credit it had to rely on cash to import anything from the United States. Leogrande, "Making the Economy Scream," 338.

⁴⁵⁷ Peter Kornbluh, "Uncle Sam's Money War Against the Sandinistas" *The Washington Post*, August 27, 1989.

⁴⁵⁸ Terri Shaw, "3 Diplomats Expelled from Nicaragua," *The Washington Post*, June 7, 1983.

⁴⁵⁹ Philip Taubman, "21 Nicaraguans in 6 Consulates Expelled By U.S." *New York Times*, June 8, 1983.

⁴⁶⁰ Leogrande, "Making the Economy Scream," 338.

⁴⁶¹ Prior to the administration reducing Nicaragua's share of the US sugar quota by 90%, Nicaragua was exporting approximately \$15.6 million US annually. After the 90% reduction, they would have only been exporting approximately \$1.6 million US annually. See, Leogrande, "Making the Economy Scream," 338. Others value the quota at over \$18 million US. See Pastor, *Not Condemned to Repetition*, 199.

formally breaking trade relations and moving towards imposing a comprehensive trade embargo.⁴⁶²

Even though the first sanctions were imposed in 1981, it appears that costs did not begin to truly mount until 1983, in large part due to third party financial support from Mexico, Cuba, and the USSR.⁴⁶³ The strain of newly imposed trade sanctions, increasingly burdensome financial attacks, and the Contra's economic warfare began to wear on the Nicaraguan economy. For example, in 1983 the Sandinistas failed to make repayment on \$45 million US owed to commercial banks, and that Fall the regime cut fuel rations by 10% due to Contra aggression.⁴⁶⁴ Estimates of the actual costs vary. The Sandinistas estimated that US sanctions cost the Sandinistas \$354 million US in 1983.⁴⁶⁵ A Journal of Commerce article estimated that sanctions cost Nicaragua approximately \$130 million US between 1980 and 1993,⁴⁶⁶ and Hufbauer *et al.* surmise that US sanctions cost the Sandinistas an average of \$45 million US per year, or about \$180 million US from 1981 through 1984.⁴⁶⁷ While the specific costs of economic sanctions during this period remains uncertain, it is clear that Nicaragua's economy was destabilized going into the latter half of the 1980s, at least in part due to the United States' financial sanctions. From 1980 to 1984, the United States essentially bled Nicaragua financially dry and much of the economic crisis that Nicaragua underwent for the balance of the decade can ultimately be traced to the United States effectively bankrupting the state.

⁴⁶² Pastor, *Not Condemned to Repetition*, 199.

⁴⁶³ Hufbauer, *et al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁴⁶⁴ Hufbauer, *et al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁴⁶⁵ Hufbauer, *et al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁴⁶⁶ Hufbauer, *et al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁴⁶⁷ Hufbauer, *et al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

Dependent Variable: The Sandinista's use of Systemic Repression (1981 – 1985)

While repressive strategies were employed, such as seizure of property and arrests, they mostly fall under the category of Targeted Repression. Some exceptions do exist.⁴⁶⁸ For example, the FSLN expanded their use of Systemic Repression after the Contras destroyed two bridges in Northern Nicaragua in March of 1982.⁴⁶⁹ The regime introduced a number of cross-cutting and repressive policies under the cover of national security including declaring a national state of emergency, imposing direct censorship, and increasing surveillance programs.⁴⁷⁰ The main areas of censorship included the Contra conflict and the state's mismanagement of government institutions. The administration also suppressed stories and imagery of food lines and protests over food deficits and high prices.⁴⁷¹ The FSLN did engage in some harassment of internal groups and limited censorship in the years preceding sanctions,⁴⁷² but their actions in 1982 represented a noticeable increase from previous policies. On balance, the use of Systemic Repression remained relatively constant during this phase, albeit with a limited increase associated with enhanced Contra activity and a dip in repression in preparation for the 1984 elections.

⁴⁶⁸ A previously policy employed by the Sandinistas that could be classified as Systemic Repression was the forceful resettlement of approximately 8500 Indigenous peoples inland. This happened after a faction of the MISURASATA United (Indigenous Organization of Miskitu, Suma, Rama, and Sandinista) joined the Contras to promote autonomy and separatism. However, I hesitate to characterize this as an example of Systemic Repression relating to the United States Campaign of Economic Sanctions because forced relocation of a large group falls into a grey space between Systemic Repression and Targeted Repression. While the Sandinistan policies did target a large group of people, their policies were also discriminating, and better fits the classification of Targeted Repression. See Buvollen, "Autonomy: Tactic and Self-Determination," 105-106.

⁴⁶⁹ Larry Boyd, "Nicaragua declares 'state of siege' after bridges bombed." *Christian Science Monitor*, March 17, 1982.

⁴⁷⁰ Pastor, *Not Condemned to Repetition*, 197.

⁴⁷¹ Berth, *Food and Revolution*, 15.

⁴⁷² In 1980 the FSLN began censoring press coverage of political opponents and political rallies and restrict access to the radio by the Church, particularly by Archbishop Obando y Bravo. See Pastor, *Not Condemned to Repetition*, 193.

Dependent Variable: The Sandinista's use of Patronage (1981 – 1985)

The Sandinistas' use of Patronage remained relatively constant (and much lower than during Somoza's reign) during the first half of the 1980s. The most common forms of Patronage during this period involved land redistribution, and this practice remained relatively stable through 1983/1984.

Soon after seizing power, the Sandinistas introduced land and agriculture reforms that confiscated and redistributed land held previously held by Somoza and his allies while simultaneously consolidating state farms.⁴⁷³ The process of land expropriation began in 1979, when the regime seized around 2000 farms under Decrees Number 3 and 30, equating approximately 20% of Nicaragua's arable land. This policy resulted in a substantial reduction of private land holdings, representing 43% of the land holdings larger than 500 manzanas (roughly 875 acres);⁴⁷⁴ most of this land was initially retained by the state. However, starting in 1981, following Decree Number 782 (also known as "The Agrarian Reform"), the regime began redistributing the land to small producers organized into cooperatives to further stimulate food production. The government privileged cooperative organizations over the landless peasants, and between 1981 and 1984 greater than 80% of the redistributed land went to agriculture cooperatives.⁴⁷⁵

Starting around 1983, the regime modified their land distribution policies and targets of Patronage from the Cooperatives to the rural bourgeoisie and small farmers. However, very little of the 'redistributed' territories consisted of new land, but rather simply involved the award of

⁴⁷³ Luciak, "Democracy in the Nicaraguan Countryside," 116.

⁴⁷⁴ Luciak, "Democracy in the Nicaraguan Countryside," 116.

⁴⁷⁵ Berth, *Food and Revolution*, 68-92.

titles to farmers who already occupied and farmed those plots.⁴⁷⁶ In fact, the amount of new land distributed declined from 1981/1982 to 1983, rebounding again in 1984.⁴⁷⁷ Therefore, while the targets of land redistribution might have changed, the actual volume of patronage remained relatively stable throughout this period.

In addition to land redistribution, the Sandinistas relied heavily on food distribution throughout the 1980s. However, the regime's management of the food distribution network was equitable and systemic during the first half of the 1980s, so much so that it better approximated a Public Good during the first few years of Sandinistan rule. The regime first introduced food distribution networks and price controls as early as 1980, when they created supply commissions throughout Nicaragua and price lists for major consumer goods.⁴⁷⁸ As will be discussed later, food distribution networks often serve as a form of patronage to elites as they are ripe for exploitation and speculation. However, during the early 1980s, the regime strongly discouraged corruption by enacting severe consequences to those merchants engaging in speculation.⁴⁷⁹ These patterns persisted through most of the early 1980s.

The regime's use of patronage was relatively constant during the first phase of the sanctions episode. While food distribution was fairly egalitarian and corruption was limited, the regime was able to coopt audiences using land redistribution programs throughout this period. However, the targets of land redistribution evolved throughout the early 1980s, and while the apparent volume of land distributed increased, the actual new land awarded remained relatively

⁴⁷⁶ This was particularly common with respect to the indigenous populations, see Ilja Luciak, "National Unity and Popular Hegemony: The Dialectics of Sandinista Agrarian Reform Policies," *Journal of Latin American Studies* 19, no.1 (May 1987): 115.

⁴⁷⁷ In terms of new land reward, from 1991-1992, 407,945 *manazas* were awarded, in 1982, 13,055 *manazas* were awarded, and in 1984, 46,228 *manazas* were awarded. See Luciak, "Democracy in the Nicaraguan Countryside," 116.

⁴⁷⁸ Berth, *Food and Revolution*, 72.

⁴⁷⁹ Berth, *Food and Revolution*, 72.

stable. Things began to change just prior to and after the 1984 elections, as the regime notably shifted its land redistribution policies to favor larger and poorer segments of the population. Policy changes in the immediate run-up to and aftermath of the 1984 elections presented new opportunities for corruption during the second phase (1985-1990) of the sanction episode.

Findings

The first phase of the Nicaraguan sanctions lasted from 1981 to 1985, although the more impactful targeted sanctions began in 1983 as the United States began to impose both limited trade and extensive financial sanctions. Prior to the election of 1984, the Loyalty Norm of the regime was high. Therefore, Hypothesis One: B predicts that the Sandinistas' use of Systemic Repression would not change in response to targeted sanctions. The evidence presented above supports this sub-hypothesis. The regime's use of Systemic Repression remained relatively static during this period but increased episodically in response to incidents during the conflict between the Sandinista regime and the Contras.

With respect to the Contras themselves, the main question is whether they should be viewed as a domestic threat or an extension of the US sanctioning effort and proxies for US military action. Considering the strong overt and covert support for the Contras by the US as well as the US recruitment of Latin American mercenaries for the UCLA, I believe that the Sandinista - Contra conflict is best characterized as an extension of the US sanctioning effort to overthrow the Sandinista regime, even though it was comprised of disaffected Nicaraguans (including some former elite members of the initial junta).⁴⁸⁰ The notion that the Contras acted as a proxy for US military action finds support from several researchers.⁴⁸¹

⁴⁸⁰ Cottam, Baltodano and García, "Cooperation among the Nicaraguan Sandinista Factions," 13-31.

⁴⁸¹ Leogrande, "Making the Economy Scream," 329-48 and Sobel, "Contra Aid Fundamentals," 287-306.

Phase 1.5: The Transition of the Political Structure in Nicaragua

As discussed above and in Appendix 5.1, the 1984 election and its aftermath altered the political structure of the regime, with consequences for the regime's use of Patronage. Although the Sandinistas retained power, their Loyalty Norm was substantially weakened, and the regime had to contend with a much larger Winning Coalition. As argued by Close and Puig,

Regimes define the bases of a system's legitimacy, and in Nicaragua after 1984 the latter would no longer be based on the revolutionary triumph of the FSLN but on winning elections. In addition, the revolutionaries henceforth would be accountable to an electorate of all citizens, not just to history or the revolutionary classes of workers and peasants.⁴⁸²

While the regime began to shift their land distribution policies as early as 1983, these revisions were relatively narrow in scope and largely benefited the rural bourgeoisie and small farmers.⁴⁸³ The regime notably continued to ignore the rural peasants, largely driven by their underlying view of the landless peasants as relatively unimportant to a successful revolutionary transformation. The Sandinistas had a strong preference for industrialized and technologically modern agriculture and did not trust the peasants' reliance on traditional technologies and culture. However, the 1984 election returns demonstrated that the rural peasantry had thrown their support to opposition parties. The regime realized that to win future elections, their Winning Coalition must expand to include new segments of the population. To this end, the regime attempted to coopt the rural peasantry by expanding their use of Patronage in the form of land grants to this group.⁴⁸⁴

⁴⁸² David Close, Salvador Martí I Puig, and Shelley A. McConnell, eds, *The Sandinistas and Nicaragua Since 1979*. (Boulder, CO: Lynne Rienner Publishers, 2012), 6.

⁴⁸³ Luciak, "Democracy in the Nicaraguan Countryside," 55-75.

⁴⁸⁴ Luciak, "Democracy in the Nicaraguan Countryside," 55-75.

Food distribution differed from land distribution policies in that, at least during the first few years of the decade, food distribution policies were regimented. The regime rationed scarce food items such as sugar and facilitated distribution during the early years of the regime. As American hostility expanded and the economic crisis grew, the Nicaraguan economy began to adopt characteristics of a “shortage economy.”⁴⁸⁵ Nicaragua’s revision of the Law of Consumption a few months before the 1984 elections marked a change in policy as the State gained exclusive right to distribute, transport, and ration an expanded list of food items including rice, beans, salt, sugar, corn, oil, soap, and matches.⁴⁸⁶

The neighborhood association, CDS, played a direct role in food distribution, and in turn mobilized the disenfranchised to support the Sandinistas. However, the officials responsible for food distribution found ways to exploit the system for their own benefit. Sometimes food merchants would run for CDS positions so they could be placed in charge of food distribution and then promptly ignore Sandinista policies and sell food donations on the black market.⁴⁸⁷ At other times, CDS managers employed food distribution to solicit political support, such as assistance at assemblies,⁴⁸⁸ or favored friends and family members. Although the regime condemned these actions, they did little to alter these behaviors. Distinctions in food distribution between rural and urban areas, across different regions, and among social groups became readily apparent.⁴⁸⁹ Corruption only increased and became more widespread in the latter half of the decade (after 1985).

⁴⁸⁵ Berth, *Food and Revolution*, 113.

⁴⁸⁶ Berth, *Food and Revolution*, 113.

⁴⁸⁷ Berth, *Food and Revolution*, 150.

⁴⁸⁸ Berth, *Food and Revolution*, 96.

⁴⁸⁹ Berth, *Food and Revolution*, 119-146.

Acknowledging the complications introduced by the election itself, it is worth considering the relationship between sanction type, Loyalty Norm, and Patronage during the brief period between the Fall of 1984 and Spring of 1985. During this transitional period, the Loyalty Norm weakened because of the election, the US sanctions remained targeted, and Patronage increased. Hypothesis One: D predicts that when targeted sanctions are imposed on a state with a weak Loyalty Norm, the leader will increase their use of Patronage in substantial agreement with the events of this period.

Phase Two: United States' Comprehensive Sanctions (1985 – 1989)

After Congress halted the Reagan Administration's provision of aid to the Contras, Reagan invoked the International Emergency Economic Powers Act (IEEPA) to expand the United States' sanctions regime. Conditions in Nicaragua quickly deteriorated, leaving the Sandinistas scrambling to pull Nicaragua out of a worsening recession. In the face of increasing instability, the regime expanded their use of Patronage to quell unrest and stabilize the economy.

Independent Variable: United States' Comprehensive Sanctions (1985-1990)

The United States was initially hesitant to impose comprehensive sanctions and, prior to 1985, focused primarily on blocking Nicaragua's access to foreign aid, international loans, and credit.⁴⁹⁰ Imposed trade sanctions during this time were effective, but limited. By 1983, the United States began considering more expansive measures, and throughout 1983 and 1984 the Reagan administration began internal discussions debating the imposition of comprehensive sanctions. National security hardliners from the CIA and National Security Council supported

⁴⁹⁰ Leogrande, "Making the Economy Scream," 331.

imposing an embargo, but members of State, Commerce, and the Treasury were opposed.⁴⁹¹

Opponents of comprehensive sanctions were able to stay the administration's hand and halt the onset of comprehensive sanctions through 1984. However, when Congress halted funding to the Contras in 1985, the administration found themselves needing to demonstrate to their Honduran allies their continued commitment to isolating the Sandinistas and comprehensive sanctions proved expedient.⁴⁹² To impose sanctions quickly and avoid a battle in Congress, Reagan invoked the International Emergency Economic Powers Act (IEEPA). While critics were skeptical that small, weakened, and economically devastated Nicaragua could pose a threat to the United States worthy of Reagan declaring a 'national emergency' to address the 'unusual and extraordinary threat to the national security and foreign policy of the United States,'⁴⁹³ the law specified that only the President could define a national emergency. The ploy was effective, and Reagan was able to impose comprehensive sanctions unilaterally.

Prior to the onset of comprehensive sanctions, Nicaragua successfully diversified and reduced the United States' percentage of Nicaraguan trade to 14.9%, however the United States remained Nicaragua's largest trading partner.⁴⁹⁴ Although the Sandinista's policy of diversified dependencies helped cushion the impact of US sanctions, and most of Nicaragua's exports to the United States were easily marketable elsewhere, the impact of comprehensive sanctions was still devastating. Beyond incurring substantial transaction costs through increased costs of

⁴⁹¹ Proponents of a softer approach worried about the reputational affects comprehensive sanctions would have on the United States as a trading partner in Latin America, Europe, and East Asia. Other departments were concerned about the legality of comprehensive sanctions. Justice Department officials argued that it violated the GATT as well as OAS and UN charters. Potentially even more problematic, other officials argued that an embargo would be counterproductive since the damage to the Sandinistas would be limited while the Nicaraguan businessmen, a group fundamental to the opposition, would suffer disproportionately. Combined, these concerns were sufficient to stay the administrations hand and halt the onset of comprehensive sanctions through 1984. Leogrande, "Making the Economy Scream," 339.

⁴⁹² Leogrande, "Making the Economy Scream," 338.

⁴⁹³ Leogrande, "Making the Economy Scream," 340.

⁴⁹⁴ Leogrande, "Making the Economy Scream," 340-341.

transportation, two types of US sanctions were particularly effective: import sanctions and financial sanctions. Nicaragua relied on the United States to provide much of its manufactured goods, and this meant that Nicaragua was also dependent on the United States for spare parts and important agriculture supplies that it could not easily get elsewhere. The loss in imports generated substantial losses in productivity for Nicaragua's agriculture and manufacturing sectors that is not clearly reflected in the raw numbers, although the raw numbers are nevertheless striking.⁴⁹⁵ The impact on sanctions on agriculture also had trickle-down effects on Nicaraguan consumers and, over time, severely restricted the food supply. In addition to the United States' import sanctions, their attacks on access to credit were particularly crippling. As the US pressed private banks and financial institutions to withhold credit and loans, Nicaragua sought access to hard currency to fund the war against the Contras while, at the same time, attempting to provide promised social works and pay off external debts.⁴⁹⁶ By November 1985, Nicaragua's economic costs due to the US embargo were estimated at around \$108 million US in total.⁴⁹⁷ Costs continued to mount and by 1989 the Sandinistas estimated that the total economic costs of US sanctions and the Contra/UCLA War⁴⁹⁸ together approached \$12 billion, over 8 times Nicaragua's GNP in 1979.⁴⁹⁹

The regime's access to currency and credit became so limited that the Sandinistas began just printing money,⁵⁰⁰ resulting in sky-rocketing inflation that approached 1300% in 1988.⁵⁰¹

⁴⁹⁵ Berth, *Food and Revolution*, 121 and Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*.

⁴⁹⁶ Nicaragua eventually gave up paying external debts around 1986.

⁴⁹⁷ Hufbauer, *et al.*, "Case 87-1," *Economic Sanctions Reconsidered*.

⁴⁹⁸ As I have previously outlined, UCLA and Contra aggression can be conceived as a form of economic warfare and viewed as an extension of US sanctions. That said, there is considerable disagreement about the relative costs of the Contra War versus traditional sanctions versus the Sandanista's "maladministration"; Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*.

⁴⁹⁹ Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*.

⁵⁰⁰ The regime did this multiple times in 1985 and 1987.

⁵⁰¹ Leogrande, "Making the Economy Scream," 342.

This was only the tip of the iceberg. Beyond the staggering inflation, by 1989 Nicaragua's fiscal deficit grew to 27% of GDP.⁵⁰² In attempt to battle inflation and control the deficit, the regime implemented a series of austerity measures triggering a severe recession.⁵⁰³ The economy contracted by 15%, but the fiscal deficit continued to grow and inflation began to approach unfathomable levels, between 33,600 and 36,000 percent.⁵⁰⁴ By the end of 1988, real GDP had fallen by over one-third⁵⁰⁵ and consumption per capita had declined by over 50% relative to 1979.⁵⁰⁶ Eventually, Nicaraguan currency became virtually worthless and the state's economic health plummeted.⁵⁰⁷ To exacerbate the situation, Nicaragua remained mired in foreign debt owed to various Latin American and European allies, the World Bank, and various commercial banks. A study conducted on behalf of the Sandinistan regime in 1989 estimated that consumption had declined by 70% over the preceding decade and determined that real GDP per capita that had fallen to \$300 annually, the lowest level in the Western Hemisphere.⁵⁰⁸

In 1985, the Sandinistas imposed the first of several austerity measures, reducing its social expenditures, devaluing the Córdoba, eliminating most food subsidies, and increasing taxes. These policies led to higher food prices and reduced social programs which disproportionately impacted the working and peasant classes.⁵⁰⁹ By 1987 the US sanctions were taking a real toll on the population by limiting food supplies, reducing real wages by 85%, and

⁵⁰² Approximately \$500 million US. Hufbauer, *et al.*, "Case 87-1, *Economic Sanctions Reconsidered*.

⁵⁰³ Leogrande, "Making the Economy Scream," 340-341.

⁵⁰⁴ Different studies report Nicaragua's inflation at 33,600 percent (HSE) and 36,000. See Leogrande, "Making the Economy Scream," 343.

⁵⁰⁵ Hufbauer, *et al.*, reported real GDP falling by 8% in 1988. See Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*.

⁵⁰⁶ Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*, pp. and W. Gordon West, "Destabilizing Nicaragua: The Growth of Second Economy Crime Is Not an Internal Flaw of Sandinista Social Justice," *Social Justice* 15, no.3/4 (Fall-Winter 1988): 126 reported consumption falling by 70% over the 1980s.

⁵⁰⁷ Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*, and Leogrande, "Making the Economy Scream," 343.

⁵⁰⁸ Hufbauer, *et al.*, "Case 81-1," *Economic Sanctions Reconsidered*.

⁵⁰⁹ Berth, *Food and Revolution*, 124.

causing massive increases in inflation.⁵¹⁰ Journalists published increasingly critical articles in state and party papers. The situation reached a breaking point and in early 1988 the FSLN implemented another series of economic adjustment policies. These measures included the introduction of a new currency, the adaptation of multiple exchange rates, extensive budget cuts, and the merging of state institutions while simultaneously dismissing eight thousand public employees.⁵¹¹ These policies once again disproportionately affected on the lower classes as government functions including the Nicaraguan Food Program were reduced. In June 1988, the Sandinistas introduced a second set of measures, liberalizing private sector wages but also eliminating both rationing cards and the milk subsidy, leaving consumers vulnerable to price fluctuations.⁵¹² The Sandinistas effectively sacrificed the poor and working classes for economic stability.⁵¹³

To further compound problems, in late Fall, 1988, Hurricane Joan hit the Nicaraguan Caribbean inflicting almost \$849 million in damages according to CEPAL estimates.⁵¹⁴ The Nicaraguan government found itself struggling to organize care for hurricane victims and pay for reconstruction while continuing to mitigate the costs of aggressive US sanctions and violent Contra attacks. The already staggeringly high hyperinflation soared to over 30,000% causing consumer prices to double almost every month and, between August and November, the price of the basic food basket almost tripled. The Sandinistas found themselves with little choice but to implement a third austerity package in January 1989, reducing government spending by

⁵¹⁰ Berth, *Food and Revolution*, 124.

⁵¹¹ Berth, *Food and Revolution*, 151 and Jonas and Stein, "The Construction of Democracy in Nicaragua," 30.

⁵¹² Berth, *Food and Revolution*, 151; Jonas and Stein, "The Construction of Democracy in Nicaragua," 30; and John W. Soule, "The Economic Austerity Packages of 1988 and Their Impact on Public Opinion." *International Journal of Political Economy* 20, no. 3 (Fall 1990): 34-45.

⁵¹³ Soule, "The Economic Austerity Packages of 1988," 40.

⁵¹⁴ Berth, *Food and Revolution*, 146.

approximately 44%. Although this cut helped to control inflation, it again impacted the working classes and peasant communities, resulting in increased social hardships such as hunger, malnutrition and a lower infant survival rate.⁵¹⁵

Dependent Variable: The Sandinista's use of Patronage (1985 - 1990)

The late 1980s in Nicaragua witnessed the costly economic US sanctions campaign, increased Contra aggression, and the natural disaster of Hurricane Joan in 1988. The economy was devastated, and hunger was rampant as the food distribution system crumbled⁵¹⁶ and corrupt practices proliferated. The Sandinistas' use of Patronage expanded after the election in November 1984 as CDS workers and government officials within the Ministry of Internal Commerce exploited their control of the food distribution system. Foreign goods began appearing on the black markets as government officials sold foreign aid contributions to speculators. When public condemnation grew overwhelming, the Ministry of Internal Commerce announced it would address the corruption with some token adjustments, mostly directed towards merchants and some government officials, but corrupt practices remained deeply embedded in the Ministry itself.⁵¹⁷

In addition to the redistribution of land to the rural peasantry, two other broad areas of Patronage expanded during the late 1980s: the Sandinista's penchant for luxury items and the regime's treatment of the Mikitsu tribe. When the Sandinistas first seized power, officials were careful to be sober and disciplined in their public consumption, regardless of personal

⁵¹⁵ Berth, *Food and Revolution*, 146.

⁵¹⁶ Berth, *Food and Revolution*, 147.

⁵¹⁷ Berth, *Food and Revolution*, 142.

preference.⁵¹⁸ However, over time reports of Sandinistas personal wealth relative to the general population emerged.⁵¹⁹ By 1987, the Sandinistas had begun overtly displaying their luxury consumption despite the nationwide economic freefall. Virtually ignoring the current economic circumstances, the Sandinistas would openly drive luxury cars, purchase luxury items at “dollar shops,” and reside in large compounds with extensive amenities.⁵²⁰ While access to wealth might have secured party member’s loyalty, the public displays of such wealth increasingly alienated the public.

Treatment of the Mikitsu Natives shifted over time, as the regime struggled to woo them back from the Contras. Initially, the regime took a rather hostile approach to native tribes in general and the Mikitsus in particular. While the regime romanticized the country’s indigenous past, it also denigrated them as backward and ridiculed their reliance on traditional methods.⁵²¹ The regime’s focus on modern agriculture led them to direct land distribution towards larger, industrialized agricultural cooperatives that employed more modern technology and away from indigenous peasants. In reaction, increasing numbers of indigenous peoples joined the Contra movements. The regime tried to appeal to the indigenous population in the mid-1980s, first by increasing the prices of basic grains and then by prioritizing rural areas in planning and supply. In 1986 the government began to shift its land distribution policy with the Agrarian Law that redistributed land to indigenous peasant farmers.⁵²² Finally in 1987, when the new Nicaraguan Constitution was ratified, it included specific chapters guaranteeing the Atlantic Coast and

⁵¹⁸ Revolutionary propaganda portrayed the revolutionary consumer as a frugal and responsible person who prioritized the needs of the revolution. See Berth, *Food and Revolution*, 93-118.

⁵¹⁹ Berth, *Food and Revolution*, 97.

⁵²⁰ Stores that provided luxury goods in exchange for foreign dollars. See Berth, *Food and Revolution*, 160.

⁵²¹ Berth, *Food and Revolution*, 132-133.

⁵²² Berth, *Food and Revolution*, 132-133.

indigenous communities autonomy and self-determination.⁵²³ With this shift in policy, indigenous peoples largely withdrew support from the Contras.

Findings

During the second phase of the Nicaraguan episode (1985-1990) the United States imposed comprehensive sanctions on the regime, and the Loyalty Norm of the regime had weakened after the 1984 election. Hypothesis One: C predicts that when comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage. This case study of Nicaragua, however, provides evidence that Patronage did in fact increase during this phase due to increased corruption in addition to the expansion of the Winning Coalition after the elections of 1984.

General Conclusions

There are several takeaways from this case study of Nicaragua during the Sandinista regime. First, the United States imposed an effective program of targeted and comprehensive sanctions on Nicaragua during this episode (1980-1990). Although the comprehensive sanctions imposed in 1985 may have been more costly, the targeted sanctions aimed at finance and trade softened the ground and amplified Nicaragua's economic and supply struggles. The Nicaraguan episode also demonstrates how military action can be used to achieve economic goals. The US-backed Contras engaged the Sandinistan troops throughout the 1980s and, while the attacks could certainly be considered a militarized conflict, their primary costs were economic. The overall

⁵²³ Buvollen, "Autonomy: Tactic and Self-Determination," 108.

engagement between the Contras and the Sandinista regime might best be understood as economic warfare and a militarized extension of the US Sanctions.⁵²⁴

Hypothesis One: B postulates that when targeted sanctions are imposed on a state with a strong Loyalty Norm, the leader will not change their use of Systemic Repression. The first phase of the Nicaragua sanctions episode (1980-1985) affirms this sub-hypothesis, as does the VDEM measure of Systemic Repression in Nicaragua over time, plotted in Figure 5.1 above. The second sub-hypothesis under investigation in this case study is Hypothesis One: C which proposes that when comprehensive sanctions are imposed on a state with a weak Loyalty Norm, leaders will not alter their use of Patronage.

The second phase of the sanction episode (1985-1990) was admittedly complicated by the preceding elections in 1984 and the Esquipulas II Accords (signed in 1987 but implemented in 1988). The elections of 1984 weakened the Loyalty Norm as the state moved closer to democracy. The Accords led to a decrease in both Systemic Repression and Contra activity and paved the way for the 1990 elections that were lost by the Sandinistas. Nevertheless, US comprehensive sanctions persisted during the entire period, ending only after the Sandinistas lost power. Whereas Hypothesis One: C proposes that when comprehensive sanctions are imposed on a state with a weak Loyalty Norm leaders will not alter their use of Patronage, my study finds some disagreement with both this hypothesis as well as the VDEM Neopatrimonialism Index for Nicaragua during sanctions, constructed in Figure 5.2.

The increased use of Patronage during the second phase of the Nicaragua Sanctions episode is at odds with both my predictions (Hypothesis One: C) in Chapter Two and the results

⁵²⁴ For research examining the substitutability of economic and militarized foreign policy, see Harvey Starr, "Substitutability in Foreign Policy: Theoretically Central, Empirically Elusive," *The Journal of Conflict Resolution* 44, no.1 (February 2000): 128-138.

of Model 3 in my quantitative study. I believe that this disconnect arises in part from the fact that Winning Coalition in Nicaragua was not a static entity during the sanctions episode. In particular, Bueno de Mesquita *et al.*, predicted that when a state's Winning Coalition expands, the regime will begin to shift their use of cooptative policies from Private Goods (Patronage) to Public Goods.⁵²⁵ I accept this argument and integrated it into my theoretical analysis. However, what we see in the case of Nicaragua is that in addition to expanded corruption in food distribution and the regime's penchant for luxury goods, they *also* expanded their use of Patronage when the Loyalty Norm weakened. After the 1984 election the regime extended autonomy to the Mikitsu Natives and redirected land distribution to the peasants to encourage their participation in a new Winning Coalition. Even though the target audience of these reforms was relatively broad, the actions of the regime were both cooptative and exclusive and therefore fit my definition of Patronage. This further suggests that the general conception of Patronage as a policy employed to coopt elites is incomplete. Patronage can be used more broadly to influence members of the Selectorate and even the Disenfranchised.

⁵²⁵ Bueno de Mesquita *et al.*, "A Model of the Selectorate Theory," *The Logic of Political Survival*.

Chapter Six: The Libya Sanctions Episode (1978 – 1999)

The United States imposed targeted sanctions on Libya in 1971, largely motivated by economic considerations and growing fears of Soviet influence on the Qadhafi regime. However, over time, the United States and other actors became increasingly concerned about Libya's expanding foreign adventurism and their support for insurgent and terrorist organizations. Arguably, the costliest US sanctions went in effect after 1978 and the US sanction episode began to wind down after 1999. While the United States initially imposed targeted sanctions on the Qadhafi's regime, between 1985 and 1986, these were replaced by comprehensive sanctions, which remained in force, technically, until 2006. In the early 1990s, investigations conducted by the United States and the United Kingdom determined that Libyan officials had orchestrated attacks on Pan Am Flight 103 and UTA Flight 772. Considering these reports, the United Nations imposed multilateral targeted sanctions on Libya for most of the 1990s, ending after Libya agreed to extradite the suspects for trial, compensate the victims of these attacks and, more generally, renounced terrorism. Although UN sanctions were withdrawn at the end of the 1990s, the United States continued to impose sanctions. It began to withdraw sanctions starting in 2003, and they were fully rescinded in 2006.

In this chapter, I evaluate Hypothesis Two as it applies to the Libya sanction episode from the late 1970s through the 1990s. Hypothesis Two predicts that a regime's Income Source should condition the impact of both comprehensive and targeted sanctions.

Hypothesis Two:

The impact of a state's Income Source on a leader's domestic responses to sanctions is contingent on the sanction type imposed.

- A) When comprehensive sanctions are imposed: as the leader's reliance on earned income increases, the leader's use of Public Goods increases.

- B) When targeted sanctions are imposed: as the leader's reliance on earned income increases, there will be no change in the leader's use of Public Goods.
- C) When comprehensive sanctions are imposed: as the leader's reliance on unearned income increases, there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the leader's reliance on unearned income increases, the leader's use of Patronage increases.

Hypotheses Two: A and B address instances where the state is dependent on earned income, whereas Hypotheses Two: C and D explore how unearned income influences behavior. In the present case, Libya was reliant on unearned income throughout the sanctioning period in question, as described below, and so this study focuses on Hypothesis Two: C and D.

This chapter is divided into two sections. In the first section I provide an overview of the primary actors and a summary of my findings. In the second section, I examine each of the two major periods of the Libyan sanctions episode: US unilateral sanctions (1971 – 1991) and UN multilateral targeted sanctions (1992-1999), describe the sanctions that were imposed on Libya, and evaluate how Libya's domestic response to these sanctions evolved over time.

Section One: Actors and Trends

In this section I briefly overview the Libyan sanctions episode to provide context, identify key actors, summarize my findings with respect to the use of Patronage by the Qadhafi regime, and consider other variables that may contribute to the choice of specific policies.

Primary Actors

Several actors played a role in the Libyan sanctions episode, including the United Nations, the Organization of African Unity, France, and the United Kingdom. However, the two principals engaged in this conflict were Libya and the United States.

The Libyan Government

In 1969 the Free Officers Movement, led by Muammar Qadhafi, overthrew the monarchy in a bloodless coup and deposed King Idris I.⁵²⁶ The officers established the Revolutionary Command Council (RCC) as Libya's new ruling body and appointed Qadhafi as the chair of the RCC, effectively making him Libya's head of state.

Libya's government structure evolved considerably during the period between Qadhafi's seizure of power in 1969 to the end of US sanctions in 2006. The early period of RCC rule, dating from approximately 1969 to 1973, was characterized by a focus on consolidating military strength.⁵²⁷ During this early period, the RCC functioned primarily as a military organization that engaged in some limited political outreach.⁵²⁸ However, the regime's structure transformed substantially throughout the 1970s and by the end of the decade Qadhafi's power and charisma eclipsed all other members of the RCC. To consolidate power, Qadhafi exploited the frustrations of the disenfranchised through populist innovations, many of which were unpopular with members of the RCC.⁵²⁹ This, combined with mounting economic instability, ultimately led a subset of the Revolutionary Council to attempt a coup against Qadhafi in 1975. Qadhafi

⁵²⁶ "50 Years Ago Gaddafi Took Power in Libya." *The Dispatch.mt* CDE News. <https://cde.news/50-years-ago-gaddafi-took-power-in-libya/> (accessed November 20, 2022)

⁵²⁷ The regime made little effort to control the economy or establish economic or social norms. Rather Qadhafi and the RCC focused their time, energy, and resources on solidifying their military base and expanding their political influence to mitigate the previous regime's influence.

⁵²⁸ Dirk Vandewalle, "Libya's Revolution Revisited." *MERIP Middle East Report* No. 143 (November/December 1986): 30-35+43.

⁵²⁹ These policies included launching the popular revolution; establishing and expanding the role of the Arab Socialist Union (ASU); and inaugurating the Popular Committee System. The Popular Committee System was charged as the primary administrative instrument of the state and was organized as a hierarchical series of popular committees that represent population centers, major businesses, political organizations, and bureaucracies. The lowest levels were referred to as Basic Popular committees, and the leadership was appointed rather than elected. The system was then hierarchically organized and leaders from the BPC as well as the Municipal Popular Congress served as delegates to the highest level of the ASU. The structure and the purpose of the ASU and the Popular Committee System were overlapping, which generated confusion and conflict in the execution of the various institutions' missions. See, Helen Chapin Metz, ed. *Libya: A Country Study*. Washington D.C.: Library of Congress, Federal Research Division, 1989. The ASU's primary purpose was to mobilize the masses and facilitate participation.

exploited this coup as an excuse to clean house and construct more populist structures, such as the People's Congressional System⁵³⁰ and the Revolutionary Committees that served as mechanisms to circumvent the construction of substantial institutions that could check Qadhafi's power. By the end of the 1970s the structure of the regime had stabilized and Libya retained this basic arrangement through the end of the 20th century.

The Libyan Government's ideology was encapsulated in Qadhafi's Green Book. Qadhafi saw himself as a political philosopher and, throughout the late 1970s, published his *magnum opus* in three volumes meant to guide the social, economic, and political life of Libya.⁵³¹ The Green Book was a combination of socialist, pan-Arab, and Islamic theories that directly rejected traditional forms of democracy.⁵³² Within the Green Book, Qadhafi underscored his commitment to continuous revolution and the importance of constant upheaval.⁵³³ He envisioned a unique socio-economic political system titled the *Jamahiriyah*, which roughly translates to State of the Masses. According to Qadhafi in the *Jamahiriyah*, the masses exercise power directly and control the state's institutions, despite the absence of elected representatives or political parties. Qadhafi intended to export the philosophies contained in the Green Book to the rest of the African continent and eventually the world.⁵³⁴ He further argued that the failure of the international community to adopt the *Jamahiriyah* system was evidence of imperialist conspiracy, and this paranoia and disappointment partially account for Qadhafi's support of international revolutionary and terrorist organizations such as the IRA and PLO.⁵³⁵

⁵³⁰ The equivalent of Libya's legislative branch. The Popular Congress System and Popular Committee System continued to persist through the 21st century as a mechanism for facilitating, filtering, and controlling citizen participation.

⁵³¹ Lisa Anderson. "Rogue Libya's Long Road." *Middle East Report* no. 241 (Winter 2006): 42-47.

⁵³² Anthony McDermott. "Qaddafi and Libya." *The World Today* 29, no. 9 (September 1973): 398-408.

⁵³³ Dirk Vandewalle. "Qadhafi's 'Perestroika': Economic and Political Liberalization in Libya," *Middle East Journal* 45, no.2 (Spring 1991): 216-231.

⁵³⁴ Anderson, "Rogue Libya's Long Road," 42-47.

⁵³⁵ Anderson, "Rogue Libya's Long Road," p. 241.

The United States

The United States maintained relatively warm relations with Libya throughout most of King Idris I's rule. However, relations quickly soured once Qadhafi assumed power. The United States first imposed sanctions in 1971, as Libya began to explore closer ties with the Soviet Union. The United States terminated missile sales to Libya in 1973 and later embargoed dual-use technologies and material in 1978.⁵³⁶ In 1979, the United States officially added Libya to the list of state sponsors of terrorism, opening them to a host of economic and diplomatic sanctions.⁵³⁷ While the Americans attribute the cooling of relations to Libyan support for terrorism and the Qadhafi regime's blatant disregard for human rights, some scholars suggest that the US government was less ethically, and more economically, motivated.⁵³⁸ Soon after assuming power in 1969, Qadhafi nationalized a large subset of Libya's considerable oil resources. In response the United States and United Kingdom attempted to organize a successful boycott of Libyan oil. This attempt was unsuccessful because Qadhafi was able to find alternative buyers. Ultimately, US oil companies negotiated an acceptable agreement with Libya, but the US government remained hostile.⁵³⁹ Relations with Libya deteriorated even further throughout the latter part of the 20th century, leading the United States to ultimately impose comprehensive sanctions in 1986 and spearhead a UN sanction campaign in the early 1990s.

During the extended period of US sanctions on Libya, the US government itself underwent several transitions in leadership. Between 1971 and 2006, the White House was managed by seven different administrations and each new administration brought distinct biases

⁵³⁶ "Libya: Legislative Basis for U.S. Economic Sanctions." (Name redacted.) *Congressional Research Report for Congress* Order Code RL 32604, January 23, 2006.

⁵³⁷ "Libya: Legislative Basis for U.S. Economic Sanctions." (Name redacted.) *Congressional Research Report for Congress* Order Code RL 32604, January 23, 2006.

⁵³⁸ Yahia H. Zoubir, "Libya in US Foreign Policy: From Rogue State to Good Fellow?" *Third World Quarterly*, 23, no. 1 (February 2002): 31-53.

⁵³⁹ Zoubir, "Libya in US Foreign Policy: From Rogue State to Good Fellow?" 31-53.

to their interactions with Libya. For example, the Reagan White House perceived US-Libyan relations through the lens of the Cold War, viewing the regime as a Soviet satellite with a destabilizing influence.⁵⁴⁰ To this end, the Reagan Administration pursued an aggressive and sometimes provocative sanction agenda towards Libya, occasionally foraying into the use of military power, such as during the Gulf of Sidra Incident.⁵⁴¹ In contrast, during the administrations of George Bush Sr. (Bush I) and Bill Clinton, the United States relied more on multilateral responses and the international legal system. For example, in reaction to Libya's attack on Pan Am 103, the Bush I administration, in partnership with the United Kingdom and France, pursued a United Nations Security Council (UNSC) resolution calling for international sanctions in 1991. The United Nations imposed sanctions in 1992, which persisted until 1999.⁵⁴² While the global community was initially supportive of multilateral sanctions, they grew increasingly skeptical over time.

Overview of the Variables

In what follows, I briefly overview the most pertinent variables for this case, including my primary independent variables of sanction type and income source, and summarize my findings regarding the regime's use of Patronage. I also introduce other variables which may contribute to the choice of particular policies.

⁵⁴⁰Mezran, Karim, "Libya: Evolution and Prospect of a Democratic Change." *Oriente Moderno* 87, no. 2 (2007): 457-482.

⁵⁴¹Yahia H. Zoubir, "Libya in US Foreign Policy: From Rogue State to Good Fellow?" *Third World Quarterly*, 23, no. 1 (February 2002): 31-53.

⁵⁴²The situation became further wrought when Congress passed additional laws such as ILSA (Iran-Libya Sanctions Act) forcing third parties' hands.

Primary Independent Variables

Hypothesis Two highlights the role of economic structure and sanction type in shaping a regime's policy choices. As discussed previously, I define the state's economic structure in terms of its primary source of income: earned or unearned. Similarly, I define the type of sanctions imposed as either comprehensive or targeted.⁵⁴³ I examine both variables in detail below.

Economic Structure

In Chapter Two, I argued that the impact of sanctions on a leader's behavior is conditioned by how reliant the regime is on earned or unearned income. However, evaluating a state's reliance on a specific Income Source can be challenging, and different measurements have traditionally been used.⁵⁴⁴ My quantitative models employ the Variants of Democracy's (VDEM's) expert assessments on the proportion of a state's economy controlled by the government.

In Table 6.1 below, I chart VDEM's assessments of 'State Ownership of the Economy' and 'State Sources of Fiscal Revenues' (Fiscal Revenue Sources). I disagree at some points with VDEM's assessments, so in Column Two and Four of Table 6.1 I provide my reinterpretation of the measurements.⁵⁴⁵

⁵⁴³ Sanction type was operationalized as the mean sanction type imposed on the state during a given period of the episode (See Chapter Two).

⁵⁴⁴ Patrick McDonald relied on receipts of nontax revenues gleaned from the IMF Bueno de Mesquita proxied this measurement using oil wealth as a percentage of GDP. See Patrick J McDonald, "Liberal Economic Institutions and Peace in the Twentieth Century," *The Invisible Hand of Peace: Capitalism, the War Machine, and International Relations Theory* (Cambridge: Cambridge University Press, 2009) and Bueno de Mesquita *et al.*, "Political Survival and Endogenous Institutional Change," *The Logic of Political Survival*.

⁵⁴⁵ Based, in part on the work of Meghan L. O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, (Washington, DC: Brookings Institution Press, 2003), 174-197; Alison Pargeter, *Libya: The Rise and Fall of Qaddafi*, (New Haven: Yale University Press, 2012) and Dirk Vandewalle, *A History of Modern Libya*, 2nd ed. (Cambridge: Cambridge University Press, 2012).

Table 6.1: Libya's Economic Structure

LIBYA'S ECONOMIC STRUCTURE							
State Ownership of the Economy				State Fiscal Source of Revenue			
VDEM Classification:		Stein Classification:		VDEM Classification:		Stein Classification:	
Years	Description	Years	Description	Years	Description	Years	Description
1967-1968	Situated between "Many sectors of the economy either belong to the state or are directly controlled by the state, but others remain relatively free of direct state control." and "Some valuable capital either belongs to the state or is directly controlled by the state, but most remains free of direct state control."	1967-1968	Situated between "Many sectors of the economy either belong to the state or are directly controlled by the state, but others remain relatively free of direct state control." and "Some valuable capital either belongs to the state or is directly controlled by the state, but most remains free of direct state control."	1967-1970	The state primarily relies on external sources of funding (loans and foreign aid) to finance its activities.	1967-2006	The state primarily relies on directly controlling economic assets (natural resource rents, public monopolies, and expropriation of assets within and outside the country) to finance its activities.
1969	Most valuable capital either belongs to the state or is directly controlled by the state.	1969-1972	The economy is increasingly controlled/directed by the state.				
1970-1978	Situated between "Most valuable capital either belongs to the state or is directly controlled by the state." and "Virtually all valuable capital belongs to the state or is directly controlled by the state. Private property may be officially prohibited." Favoring the former.		Situated between "Most valuable capital either belongs to the state or is directly controlled by the state." and "Many sectors of the economy either belong to the state or are directly controlled by the state, but others remain relatively free of direct state control." Favoring the former.				

Table 6.1 Continued: Libya's Economic Structure

LIBYA'S ECONOMIC STRUCTURE							
State Ownership of the Economy				State Fiscal Source of Revenue			
VDEM Classification:		Stein Classification:		VDEM Classification:		Stein Classification:	
Years	Description	Years	Description	Years	Description	Years	Description
		1973-1975	Situated between "Most valuable capital either belongs to the state or is directly controlled by the state." and "Virtually all valuable capital belongs to the state or is directly controlled by the state. Private property may be officially prohibited." Favoring the former.				
1978-2006	Situated between "Most valuable capital either belongs to the state or is directly controlled by the state." and "Virtually all valuable capital belongs to the state or is directly controlled by the state. Private property may be officially prohibited." Favoring the latter.	1976-1979	Situated between "Most valuable capital either belongs to the state or is directly controlled by the state." and "Virtually all valuable capital belongs to the state or is directly controlled by the state. Private property may be officially prohibited." The state either owns or directly controls the most valuable capital. The government may discourage or prohibit some private property ownership.	1971-2006	The state primarily relies on directly controlling economic assets (natural resource rents, public monopolies, and the expropriation of assets within and outside the country) to finance its activities.		

Table 6.1 continued: Libya's Economic Structure

LIBYA'S ECONOMIC STRUCTURE							
State Ownership of the Economy				State Fiscal Source of Revenue			
VDEM Classification:		Stein Classification:		VDEM Classification:		Stein Classification:	
Years	Description	Years	Description	Years	Description	Years	Description
		1980-1986	Situated between "Most valuable capital either belongs to the state or is directly controlled by the state." and "Virtually all valuable capital belongs to the state or is directly controlled by the state. Private property may be officially prohibited." The state either owns or directly controls the most valuable capital. The government may discourage or prohibit some private property ownership. Over time capital becomes increasingly more concentrated in government hands and private property is practically completely abolished				
		1986-2003	Most valuable capital either belongs to the state or is directly controlled by the state. Some limited Privatization				
		2004-2006	Most of the valuable capital either belongs to the state or is directly controlled by the state. Some limited Privatization				

VDEM and I diverge primarily on the assessment of how quickly Qadhafi's regime consolidated control over the economy. VDEM codes the changes in government ownership of the economy as extreme and taking place almost as soon as Qadhafi seizes power. I see the process as a bit more drawn out—lasting for the duration of the 1970s. The other major area of divergence was the perspective on the Libyan economy during the late 1980s and 1990s since I allow for marginal increases in privatization due to the Libyan Infitah, as limited as its effects were. I provide a more detailed study of Libyan ownership of the economy in Appendix 6.1. Briefly stated, Libya's reliance on unearned income throughout the sanctioning period remained remarkably stable. According to VDEM data, when the regime initially seized power in 1969, their primary sources of revenue came from external sources, such as foreign aid or loans. From 1973 onwards, VDEM codes the regime's primary sources of income as derived from directly controlled economic assets.

Qadhafi's Libya was structured as a rentier economy.⁵⁴⁶ This means that during Qadhafi's rule, Libya was almost entirely reliant on its oil resources and oil revenues comprised a huge proportion of the state exports and the regime's income. Within six months after the Free Officer coup, the new regime had opened negotiations with oil companies. Initially, the regime simply demanded price increases, greater royalties, and higher taxes from the oil companies. However their demands quickly escalated and the regime began to extend its control over the state's resources through either modified participation agreements or nationalization.⁵⁴⁷ By

⁵⁴⁶ Meliha B. Altunisik and Melih B. Altunisik. "A Rentier State's Response to Oil Crisis: Economic Reform Policies in Libya." *Arab Studies Quarterly*, 18, no. 4 (Fall 1996): 49-63 and Vandewalle, "The Green Book's Stateless Society: 1973-1986," *A History of Modern Libya*.

⁵⁴⁷ Ronald Bruce St. John, "The Changing Libyan Economy: Causes and Consequences." *Middle East Journal* 62, no. 1 (Winter 2008):76; Vandewalle, *A History of Modern Libya*, 8; Richard Barltrop, "Libya's oil and gas: background." *Oil and Gas in a New Libyan Era: Conflict and Continuity*, (Oxford: Oxford Institute for Energy Studies, 2019), 9; and Ronald Bruce St. John, "Libya's Oil and Gas Industry: Blending Old and New." *Journal of North African Studies* 12, no. 2 (June 2007): 203-218.

1971, one year after the revolution, oil provided almost 99% of Libya's revenues and was the only commodity the regime exported.⁵⁴⁸ Over the next four years, the regime extended their control over the state's oil resources using a two-pronged policy of controlled production and price escalation to maximize revenues.⁵⁴⁹ By 1974, Libya had seized majority stakes in all of the foreign oil companies operating in Libya and gained complete control over several of the major companies, including British Petroleum, Texaco, the Libyan American Oil Company, and California Asiatic.⁵⁵⁰ Despite Libya's enormous energy resources, the regime anticipated a day when their reserves would be depleted and attempted to diversify their income streams by investing in manufacturing, heavy industry, aviation, and downstream oil activities.⁵⁵¹ In 1980, the government announced a long-term twenty-year plan and an intermediate five-year plan that included growth in these areas.⁵⁵² The regime's attempts to diversify the economy were largely unsuccessful and oil revenues continued to make up the major portion of state GDP and government income. By 1991, oil revenues declined slightly to 85% of Libya's dollar value exports due to increases in privatization, marginal diversification, and price instability.⁵⁵³ Revenues fell further in the 1990s because of the multilateral economic sanctions. However, by the early 2000s, oil revenues rebounded and accounted for 97% of export earnings and 75% of total government receipts.⁵⁵⁴

⁵⁴⁸ Vandewalle, *A History of Modern Libya*, 89-92.

⁵⁴⁹ St. John, *Changing Libyan Economy*, 76.

⁵⁵⁰ Vandewalle, *A History of Modern Libya*, xvi-xvii.

⁵⁵¹ Vandewalle, *A History of Modern Libya*, 115.

⁵⁵² Five-year projections aimed to reduce oil productions to levels sufficient to meet the country's economic needs and non-oil contributions to GDP to increase from 35.7 to 53% by 1985. See Vandewalle, *A History of Modern Libya*, 115.

⁵⁵³ Christopher M. Blanchard, "Libya: Background and U.S. Relations," *Congressional Research Service Report for Congress* Order Code No. RL33142 (August 6, 2008) and St. John, *Changing Libyan Economy*, 81.

⁵⁵⁴ Blanchard, "Libya: Background and U.S. Relations" and St. John, *Changing Libyan Economy*, 81.

While there were some fluctuations in the degree to which the Libyan government controlled the state's economic resources, particularly in the early 1970s, there is no question as to the state's overwhelming reliance on unearned income. The VDEM data classifies Libya's economy as transitioning from reliance on external resources from 1969 to 1972 to direct control of the economy for the balance of the sanctioning period. However, I perceive Qadhafi's regime as functionally claiming direct control of the most important sectors of the Libyan economy during the entire sanctioning period, due to its ownership or control over a larger proportion of Libya's oil resources. Either way, Libya should be classified as highly reliant on unearned income throughout this period.

Sanctions

Although Libya was continuously sanctioned from 1971 through 2006, the nature of these sanctions evolved and were characterized by three distinct stages: unilateral US sanctions (1971 to 1991), multilateral targeted sanctions (1992-1999), and the phased withdrawal of sanctions (1999-2006).⁵⁵⁵ The identity of the senders and their motives changed during each phase. In what follows I review how these sanctions transformed over time.

During the first phase of the Libyan episode (1971 to 1991), the United States imposed largely unilateral sanctions, albeit in different forms. From 1971 through 1985, these sanctions were targeted in nature. However, starting in 1985/6 the United States imposed increasingly comprehensive sanctions on Libya.⁵⁵⁶ Initially, The United States was primarily driven by economic concerns and fears of Soviet expansion. However, by the 1980s and 1990s it appears

⁵⁵⁵ Because my study focuses on how the imposition of sanctions influences autocratic behavior, the third period of the sanction episode, the phased withdrawal of US sanctions, will not be included in my general analysis.

⁵⁵⁶ Ian Hurd, "The Strategic Use of Liberal Internationalism: Libya and the UN Sanctions, 1992-2003," *International Organization* 59, no. 3 (Summer 2005): 495-526.

that the threat of terrorism and Libya's development of Weapons of Mass Destruction (WMD) dominated American concerns.⁵⁵⁷ Other actors, such as the United Kingdom, France and Canada began to impose additional sanctions during this period, but the US remained the primary sender.

During the second phase of the sanction episode (1992-1999), the United Nations expanded upon the United States' comprehensive sanctions regime by imposing multilateral, targeted sanctions. United Nations Resolutions 731 and 882 mandated sanctions after Libya refused to extradite government officials suspected of coordinating attacks on Pan Am Flight 103 and French flight UTA 772.⁵⁵⁸ The UN mandate included the imposition of a general flight and travel ban for some Libyan officials, freezing assets, the reduction of diplomatic personnel, and a prohibition on exporting oil industry equipment to Libya.⁵⁵⁹ Even though these sanctions did not directly target Libya's immense oil resources, they were surprisingly aggressive and had a substantial impact on the Libyan economy.⁵⁶⁰

After eight more years of sanctions, the Libyan government agreed to both extradite the suspected terrorists to stand trial in a neutral country and to pay compensation to the families of the victims of the attacks. This agreement was sufficient for the United Nations to suspend

⁵⁵⁷ Hurd," The Strategic use of Liberal Internationalism," 495-526.

⁵⁵⁸ In the late 1980s, Libyan officials coordinated terrorist attacks on Pan Am Flight 103 (1988) and French flight UTA 772 (1989) killing a total of 439 individuals. While the identity of these terrorists was initially unknown, by 1991 US and UK intelligence had determined that Libyan officials were responsible for the attacks. In response, the United Nations issued Resolutions 731 and 882 imposing multilateral, targeted sanctions on Libya. See U.S. Department of State. "Significant Events in U.S.-Libyan Relations." September 2, 2008. <https://2201-2009.state.gov/r/pa/prs/ps/2008/sep/109054.htm> (accessed November 20, 2022); Richard Nephew, "Libya: Sanctions Removal Done Right? A Review of the Libyan Sanctions Experience, 1980-2006," *Report of Columbia SIPA Center on Global Energy Policy* (March 21, 2018). <https://www.energypolicy.columbia.edu/research/report/libya-sanctions-removal-done-right-review-libyan-sanctions-experience-1980-2006> (accessed November 20, 2022); Vesselin Popovski, "Fighting the Colonel: UN Security Council Sanctions on Libya," *Report of United Nations University* (October 5, 2011); and Lisa Anderson, "Rogue Libya's Long Road," *Middle East Report* no. 241 (Winter 2006): 42-47.

⁵⁵⁹ Popevski, "Fighting the Colonel," 3 and Anderson "Rogue Libya's Long Road", 43.

⁵⁶⁰ Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered*.

Resolutions 731 and 882.⁵⁶¹ However, the United States continued to impose comprehensive sanctions until Libya conceded to all the initial demands issued in 1991.⁵⁶² The United States was particularly adamant that Libya renounce terrorism and provide counterterrorism and intelligence cooperation.⁵⁶³

This third phase of the Libyan sanctioning episode was characterized by a staggered withdrawal of US sanctions between 1999 and 2006. The United States began negotiating with Libya about rolling back its unilateral sanctions after Libya: a) signed an agreement to compensate the Pan Am victims' families 2.7 billion USD;⁵⁶⁴ b) sent a letter to the UNSC accepting responsibility for the bombing of Pan Am flight 103 that renounced all forms of terrorism;⁵⁶⁵ and c) independently announced its intention to dismantle its WMD program.⁵⁶⁶ In the Spring of 2004, the United States began to reverse their sanctions program. This was a deliberate, phased process that paralleled Libya's dismantlement of its WMD program and lasted through May 2006.

⁵⁶¹ Popovski, "Fighting the Colonel". The US and the UK refused to permit these sanctions to be fully rescinded until the victims' families were fully compensated.

⁵⁶² In December of 1991, France, the United States, and the United Kingdom demanded four policy changes from Libya that were later encapsulated in UN Resolution 731. These policy changes initially served as a roadmap to determine what policy changes were required from Libya before sanctions were removed. They included: 1) Libya surrender for trial all individuals charged with bombing crimes and accept full responsibility for the actions of those Libyan officials. 2) The government disclose all knowledge of the crimes, including names of those responsible and allow access to witnesses and other material evidence. 3) The Libyan government pay appropriate compensation to victims' families. 4) Libyan officials commit to ceasing all forms of terrorist action and support of terrorist organizations. See Hurd, "The Strategic use of Liberal Internationalism," 504-505.

⁵⁶³ Christopher M. Blanchard, "Libya: Background and U.S. Relations," *Congressional Research Service Report for Congress*, Order Code No. RL33142 (August 6, 2008): 5.

⁵⁶⁴ Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered*.

⁵⁶⁵ Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered*.

⁵⁶⁶ Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered*.

Primary Dependent Variables

In Chapter Two I proposed that leaders maintain four types of policies in their toolbox to influence different domestic audiences: Systemic Repression, Targeted Repression, Public Goods, and Patronage. Generally, these policies are used in combination. After rising to power, autocratic leaders identify a matrix of policies that best balance threats arising from different domestic groups. The regime will continue to use this specific matrix of policies until either a) their available resources change or b) their threat environment changes—usually due to intervention by an external source, such as sanctions.

Hypotheses Two: C and D examine how the imposition of comprehensive and targeted sanctions influences the behavior of autocratic regimes reliant on unearned income. Because Qadhafi was reliant on unearned income and Libya was subject to both targeted and comprehensive sanctions, this episode allows me to examine both Hypotheses Two: C and D. Hypotheses Two: C predicts that when comprehensive sanctions are imposed on an autocratic regime like Libya that is reliant on unearned income, the regime will not be motivated to alter its use of Patronage. Hypothesis Two: D predicts that when targeted sanctions are imposed on that same regime, the regime will increase its use of Patronage. Below, I overview and summarize the Qadhafi regime's use of Patronage over time. The regime, of course, made use of other policies beyond Patronage throughout the sanctioning period including Public Goods, Targeted Repression, and Systemic Repression. However, since my concern here deals primarily with Patronage (Hypotheses 2: C and D), I provide a detailed account of the use of Public Goods, Systemic Repression and Targeted Repression in Appendix 6.2.

Patronage

Throughout his reign, Qadhafi relied on Patronage to retain the loyalty of his Winning Coalition, defined in Chapter Two as those groups that were vital to Qadhafi's maintenance of power.

According to Vanderwalle, this included "the country's top technocrats within the LNOC [Libya National Oil Company] and their privileged and protected state institutions, managers of state enterprises, the military, and those entrepreneurs with close links to the military."⁵⁶⁷ At some points during the sanctioning period however, the support of other groups such as small business owners was also deemed vital to maintaining the regime's power, not unlike the case study of Nicaragua in Chapter 5 where the support of a widened base was necessary after the elections of 1984.

During the early and mid-1970s the regime coopted subsets of the population through land redistribution, military spending, and the encouragement of small businesses through government contracts. However, in the late 1970s and early 1980s the regime turned increasingly towards socialism and Qadhafi's support of small businesses rapidly declined. To compensate, Qadhafi strengthened his ties to the various security forces, the traditional military, his tribe, and the remaining members of the Free Officers and RCC. To this end the regime focused on increased military spending to engage officers and turned a blind eye to Libya's growing black market that primarily benefited the elite members of Qadhafi's winning coalition. Therefore, I find that Patronage did increase during the imposition of US targeted sanctions on Libya, consistent with the prediction of Hypothesis Two: D.

The imposition of US comprehensive sanctions, coupled with the drop in crude oil prices, the regime's austerity program, and the disruption of the state's food and consumer goods

⁵⁶⁷ Vandewalle, *A History of Modern Libya*, 165.

network, brought the country to a crisis point in the mid-1980s. The population became increasingly frustrated during this period, expressing their discontent through attacks on supermarkets, the growth of terrorist organizations, and increased criticism from the press and the General People's Congress. In response, Qadhafi began to liberalize private ownership and import/export policies. The liberalization of private ownership policies and the greater availability of consumer goods such as food benefited consumers and small businesses.

The regime's menu of Patronage use (e.g., military expenditures, black market exploitation, corruption, political appointments) did not really change much during this period. However, the absence of mechanisms for regulatory oversight resulted in an increase in corruption and black-market activity primarily benefiting Qadhafi's Winning Coalition.⁵⁶⁸ As noted by Vandewalle, referring to Qadhafi's Winning Coalition, "...the first phase [of liberalization] strengthened their fortune: they could now more easily gain access to credit, engage openly in import and export transactions, and use more readily available foreign currency for capital goods imports."⁵⁶⁹ While I conclude that Patronage increased during this phase of the sanction episode, in disagreement with the prediction of Hypothesis Two: C, some ambiguity remains since the true target of the shift in policy (consumers and small businesses or the Winning Coalition) is not completely clear.

During the period of multilateral targeted sanctions (1992-1999) Qadhafi continued on the path of privatizing state-owned industries, resulting in a profusion of unfair business practices, elite exploitation, and corruption. While the regime introduced some limited regulatory measures following public criticisms in the late 1980s, during the 1990s the regime tolerated even greater levels of corruption and tacitly encouraged black market activities as

⁵⁶⁸ Vandewalle, *A History of Modern Libya*, 165.

⁵⁶⁹ Vandewalle, *A History of Modern Libya*, 165.

“instruments of people’s power.”⁵⁷⁰ Again, expanding the market economy without a robust regulatory network allowed more nefarious forms of Patronage to flourish including land and property speculation and investment in black market goods and currency.⁵⁷¹ Multilateral targeted sanctions further contributed to growing corruption by producing even greater scarcity in consumer goods.⁵⁷² As scarcity rose, corruption expanded to include smuggling, fraud, currency speculation, and money laundering by senior officials, further inciting domestic unrest which in turn led to increased repression. Ultimately, I find that the use of Patronage increased following the imposition of multilateral targeted sanctions by the UN, consistent with Hypothesis Two: D.⁵⁷³

Adding Complexity: Other Variables

Political Scientists have identified a range of mechanisms that can help us predict how different phenomena will influence a regime’s behavior. One of these instruments, the state’s economic structure, is explicitly addressed in this case study. Other mechanisms, including the role of political institutions, are considered in my broader thesis and in the previous case study of Nicaragua (Chapter Five). In the case of Libya, during the sanctioning episode under study, I consider three variables that may also influence the domestic behavior: the political structure of the state, the effects of militarized conflict, and the impact of Third-Party Actors. In the following sections I briefly review each of these variables and discuss their potential impact on

⁵⁷⁰ Vandewalle, *A History of Modern Libya*, 166.

⁵⁷¹ Altunisik and Altunisik, “A Rentier State’s Response to Oil Crisis,” 54.

⁵⁷² Anderson, “Rogue Libya’s Long Road,” 45.

⁵⁷³ The VDEM neopatrimonialism index and its sub-indices offer little additional insight into the regimes use of Patronage during a sanctions episode. Between 1971 and 2006, the neopatrimonialism index is very high (around 0.9 on a scale from 0 to 1) and remains essentially constant over time.

Libyan behavior. To do this I draw on insights from the case literature and my own predictions about how economic duress shapes autocratic behavior.

Political Structure

My overarching theoretical argument, discussed in Chapter Two, posits that both the state's economic and political structures should influence how an autocratic regime responds to the imposition of different types of sanctions. Specifically, in addition to Hypothesis Two, which makes predictions about how economic structures condition the autocrat's response to different types of sanctions, I proposed Hypothesis One, which contends:

Hypothesis One:

The impact of the Loyalty Norms on a leader's domestic responses to sanctions is contingent on the type of sanction imposed.

- A) When comprehensive sanctions are imposed: as the Loyalty Norm increases in strength, the leader's use of Systemic Repression increases.
- B) When targeted sanctions are imposed: as the Loyalty Norm increases in strength, there will be no change in the leader's use of Systemic Repression.
- C) When comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the Loyalty Norm decreases in strength, the leader's use of Patronage increases.

According to both Bueno de Mesquita *et al.*⁵⁷⁴ and Geddes *et al.*⁵⁷⁵ Libya had the strongest possible Loyalty Norm (0 on my scale from -1 [weakest] to 0 [strongest]) throughout this period and it remained constant over time. Only Hypotheses One: C and D bear on the question of the use of Patronage and they only investigate those instances where the Loyalty Norm weakens or

⁵⁷⁴ Bueno de Mesquita *et al.*, *The Logic of Political Survival*.

⁵⁷⁵ Barbara Geddes, Joseph Wright, and Erica Frantz, "New Data Set: Autocratic Breakdown and Regime Transitions." *Perspectives on Politics* 12, no. 2 (June 2014): 313-331.

is weak. Therefore, the political structure, as it is considered in Hypothesis One, is not relevant to the discussion here.

For completeness, it is worth considering Hypothesis One: B, which proposes that when targeted sanctions are imposed on a regime with a strong, or strengthening Loyalty Norm there will be no change in the leader's use of Systemic Repression. Libya presents us with a counterexample. As discussed in detail in Appendix 6.2, Qadhafi increased his use of Systemic Repression in 1973 after the launch of his "popular revolution." The regime further expanded their use of both Systematic and Targeted Repression following the failed coup in 1975 and lasting through the mid-1980s. For example, in 1978 the regime prohibited the ownership of private property, outlawed the collection of rental payment, restricted each family to owning one dwelling,⁵⁷⁶ and seized control of imports and exports.⁵⁷⁷ With a strong Loyalty Norm in place during this period of targeted sanctions by the US, the increase in the use of Systemic Repression is inconsistent with Hypothesis One: B.

Militarized Conflict

Militarized conflict can also influence domestic policies.⁵⁷⁸ During Qadhafi's regime, Libya engaged in three types of military actions: military actions on the African continent, armed confrontations with the United States, and countering domestic insurgencies within Libya during

⁵⁷⁶ The Library of Congress Country Studies, CIA World Factbook. "Libya Housing" https://photius.com/countries/libya/society/libya_society_housing.html (accessed November 20, 2022).

⁵⁷⁷ Altunisik and Altunisik. "A Rentier State's Response to Oil Crisis," 54.

⁵⁷⁸ Andrew P. Cortell and Susan Peterson, eds., *Altered States: International Relations, Domestic Politics, and Institutional Change* (Idaho Falls: Lexington Books, 2003); Steven R. Levitsky and Lucan A. Way, "Beyond Patronage: Violent Struggle, Ruling Party Cohesion, and Authoritarian Durability." *Perspectives on Politics* 10, no. 4 (December 2012): 869-889; Graeme A. M. Davies, "Policy Selection in the Face of Political Instability: Do States Divert, Repress, or Make Concessions?" *The Journal of Conflict Resolution* 60, no. 1 (February 2016): 118-142 and Christian Davenport, "Assessing the Military's Influence on Political Repression." *Journal of Political and Military Sociology* 23 (Summer 1995): 119-144.

the 1990s. Libya's militarized conflicts during the sanctioning period are discussed in Appendix 6.3.

Although these conflicts do not bear directly on the regime's use of Patronage other than providing additional motivation for increased military spending, they do provide some insight into their use of repressive strategies mentioned above. This is particularly true during the 1990s when coup and insurgency activity increased, including the Libyan Islamic Fighting Group (LIFG) in the Eastern regions of Libya. As discussed in Chapter Two, when regimes increase their use of military force in response to domestic terrorism, I expect a corresponding increase in both Targeted and Systemic Repression.

As tensions rose in Libya during the 1990s, the military officers attempted multiple coups, largely due to growing intertribal rivalry.⁵⁷⁹ In response to the rising revolutionary threat and coup activity, the regime increased their use of Targeted Repression by purging the military⁵⁸⁰ and reassigning officers arbitrarily to reduce their capacity to organize.⁵⁸¹ The regime also increased their use of Systemic Repression, suppressing LIFG insurgents and migrant populations in a systematic fashion while also implementing martial law in the eastern provinces in response to the rising terrorist activities.

⁵⁷⁹ Tribal and family loyalties played a large role in Libyan politics, particularly within and across the armed forces. Qadhafi routinely favored his tribe, the Qadhafa, in the awarding of high-level military and government positions. Members of other tribes, such as the larger Warfala tribe, opposed the regime due to this discrimination, and this opposition ultimately led a small group of military officials to stage two coups against the Qadhafi regime, once in 1993 and another in 1996. These attempts were rather limited in scope, and both were unsuccessful. See M. Blanchard, "Libya: Background and U.S. Relations."

⁵⁸⁰ At least six hundred were arrested, and possibly executed, following the events of 1993. See Amnesty International, *Amnesty International Report, 1995-Libya* (January 1, 1995). <https://www.refworld.org/docid/3ae6a9f238.html> (accessed 20 November 2022).

⁵⁸¹ Although, this simultaneously decreased the military's efficacy; Blanchard, "Libya: Background and U.S. Relations," 20.

Third Party Actors

Third-Party Actors also played a role throughout the sanctions episode and can be classified within two broad categories: the United Nations and other sanctioning countries or entities, and Third-Party actors that provided support for Libya. In my analysis I account for the impact of third-party and UN sanctions as I discuss the types of sanctions imposed and the economic costs of those sanctions during each period. For example, some states did engage in sanctions busting activity, such as the Belgium-Luxembourg trade mission to Libya in 1986, and some European nations joined the US, at times, with their own targeted sanctions. However, beyond the UN multilateral targeted sanctions explicitly considered here, Third-Party Actors did not significantly affect the policy choices of the regime. I provide a more detailed summary of third-party interventions in Appendix 6.3.

Section Two: Examining Behavior Over Time

Sanctions were imposed on Libya from 1971 until 2006, although the most consequential measures were levied starting in 1978, and sanctions were withdrawn gradually between 1999 and 2006. The sanction type and the senders changed throughout the episode. Therefore, it is useful to divide the Libyan episode into three periods. The first phase of the Libyan episode, from 1971 to 1991, is characterized by the imposition of unilateral US sanctions, both targeted and comprehensive in scope. Prior to 1978, the impact of sanctions on the Libyan economy were marginal. Starting in 1978/79 with the designation of Libya as a state sponsor of terrorism, costs began to mount and continued to bite into the 1990s. The second phase of the Libyan episode, from 1992 to 1999, entailed the imposition of UN multilateral targeted sanctions. During the third period, 1999 – 2006, the US and UN sanctions regime were concluded in a piecemeal

fashion. While reviewing Libyan behavior during this period provides useful information, no meaningful conclusions can be drawn during this final phase as the withdrawal of sanctions is outside the scope of my argument.

Prelude: The US and Libya prior to 1978

The United States and Libya enjoyed warm relations through most of the 1950s and 1960s,⁵⁸² however the relationship began to sour in the 1970s following Qadhafi's ascension to power.

While the cause for this diplomatic reversal remains contested,⁵⁸³ evidence of growing tension first became apparent with the United States' withdrawal of aid following the closure of the Wheelus Air Base in 1970 and the deferral on its final delivery of eight F-5's in 1971.⁵⁸⁴

Relations took a sharp downturn in November 1972, when the United States accused Libya of terrorism and withdrew their ambassador from Tripoli.⁵⁸⁵ Relations further declined in 1973

⁵⁸² Zoubir, 'Libya in US Foreign Policy: From Rogue State to Good Fellow?' 31-53. During this period, the United States maintained a sustained presence in Libya via the Wheelus Air Force Base near the Mediterranean. In exchange for access to the airfield, the Americans provided Libya with relatively high levels of foreign aid. On average the Libyans received approximately \$2 million US more in aid relative to most countries the United States supported during this period.

⁵⁸³ The United States claims the relationship cooled in light of Libya's support for terrorism and their realignment with the USSR. However, some scholars argue that the shifting attitude towards Libya can be more accurately traced to Libya's decision to nationalize its oil resources. See Zoubir, "Libya in US Foreign Policy: From Rogue State to Good Fellow?" 31-53. Evidence suggesting that primary concerns stimulating the changing US view of Libya is deduced from numerous State Department documents. See U.S. Office of the Historian, "64. Memorandum from Secretary of State Rogers to President Nixon," *Foreign Relations of the United States, 1969-1976, Volume E-5, Part 2: Documents on North Africa, 1969-1972* (August 5, 1970); U.S. Office of the Historian, "75. Action Memorandum from the Deputy Assistant Secretary of State for African Affairs (Moore) to Secretary of State Rogers" *Foreign Relations of the United States, 1969-1976, Volume E-5, Part 2: Documents on North Africa, 1969-1972* (May 8, 1971); and U.S. Office of the Historian, "66. Memorandum for the Record." *Foreign Relations of the United States, 1969-1976, Volume E-5 Part 2: Documents on North Africa, 1969-1972* (August 19, 1970).

⁵⁸⁴ U.S. Office of the Historian, "57. Telegram 70798 from the Department of State to the Embassy in Libya," *Foreign Relations of the United States, 1969-1976, Volume E-5 Part 2: Documents on North Africa, 1969-1972* (May 9, 1970); U.S. Office of the Historian. "75. Action Memorandum from the Deputy Assistant Secretary of State for African Affairs (Moore) to Secretary of State Rogers," (May 8, 1971). U.S. Office of the Historian, "83. Letter from the Ambassador to Libya (Palmer) to the Assistant Secretary of State for African Affairs (Newsom)," *Foreign Relations of the United States, 1969-1976, Volume E-5, Part 2: Documents on North Africa, 1969-1972* (December 22, 1971).

⁵⁸⁵ Notably, while sources describe Palmer's departure as a government recall due to Qadhafi's support for terrorism, review of documents from the time suggest that Palmer was retiring and there was little discussion of Qadhafi's supposed support for terrorism in unclassified documents until after Palmer's return. See Popovski,

following Libya's participation in the five-month Arab Oil Embargo in response to the United States supporting Israel during the Yom Kippur War and the United States' rejection of Libya's territorial claims. Relations remained tense through the rest of the 1970s, although no additional significant sanctioning events took place until 1978.⁵⁸⁶ It has been argued that the economic impact of the sanctions imposed during the 1970s was minimal.⁵⁸⁷ In fact, Libya's economy grew substantially during the 1970s, averaging 10% growth annually, and its per capita income increased from around \$2,200 US in 1969 to almost \$10,000 US in 1979.⁵⁸⁸

To solidify its base of support during the early 1970s, the regime subsidized small business owners, farmers, and entrepreneurs.⁵⁸⁹ The regime adopted a "Libya First" policy to justify assigning all government contracts to Libyan citizens, and introduced laws that protected and provided substantial funding to industrial projects and commercial ventures.⁵⁹⁰ Land was confiscated from the Sanusi monarchy and Italian settlers and redistributed to farmers, who also benefited from subsidies for purchases of livestock and farming equipment.⁵⁹¹ The regime also provided farmers with subsistence until their farms became profitable. Disenfranchised Libyans, who were previously excluded from the economy, benefited from these new policies⁵⁹² and as small businesses thrived the regime consolidated their base.⁵⁹³

"Fighting the Colonel" and U.S. Department of State. "Significant Events in U.S.-Libyan Relations" (September 2, 2008). The first clear documentation of Libya's possible support of terrorism was U.S. Office of the Historian, "96. Memorandum From the Deputy Assistant Secretary of State for African Affairs (Ross) to Armin H. Meyer of the Office of the Secretary," *Foreign Relations of the United States, 1969-1976, Volume E-5 Part 2: Documents on North Africa, 1969-1972* (December 13, 1972). Previous declassified documents from the period focused primarily on weapons sales, the Israeli-Palestinian conflict, and Libya's nationalization of its oil resources.

⁵⁸⁶ U.S. Department of State, "Significant Events in U.S.-Libyan Relations" (September 2, 2008).

⁵⁸⁷ O'Sullivan, Shrewd Sanctions: Statecraft and State Sponsors of Terrorism 174-197; Nephew, "Libya: Sanctions Removal Done Right?"

⁵⁸⁸ Nephew, "Libya: Sanctions Removal Done Right?"

⁵⁸⁹ Altunisik and Altunisik. "A Rentier State's Response to Oil Crisis," 49.

⁵⁹⁰ Vandewalle, *A History of Modern Libya*, 87.

⁵⁹¹ Vandewalle, *A History of Modern Libya*, 88-89 and Metz, ed. *Libya: A Country Study*, 144. Although Qadhafi did declare all uncultivated land to be state property in 1971.

⁵⁹² Vandewalle, *A History of Modern Libya*, 88-89.

⁵⁹³ Altunisik and Altunisik. "A Rentier State's Response to Oil Crisis," 49.

After the regime inaugurated the People's Revolution, it continued to support small businesses, but it also sought to distribute wealth more equitably through the extension of Public Goods.⁵⁹⁴ However, after nationalizing the state's oil resources, the regime faced competing pressures to both build a welfare state (Public Goods) at the same time as continuing its programs of support for small businesses and farmers (which may be considered a form of Patronage). After the failed coup in 1975, Qadhafi pushed the more conservative members of the regime out of the RCC and consolidated his position, emerging as the undisputed leader.⁵⁹⁵ It was around this time that Qadhafi also began to elevate members of his own family and tribe to positions of prominence within the RCC, the ministry, and the military to ensure his continued control of these organs and the continued loyalty of those institutions.⁵⁹⁶ Qadhafi quickly took advantage of his new capacity to control how accrued oil rents were distributed.⁵⁹⁷

Phase One: United States Unilateral Sanctions I, 1978-1991

During the first period of the Libyan sanction episode, the United States imposed sanctions that were largely unilateral. From 1978 to 1984 these sanctions were targeted but, starting in 1985, the US implemented comprehensive sanctions. As discussed above, throughout this period Libya's regime remained reliant on unearned income.

⁵⁹⁴ Vandewalle, *A History of Modern Libya*, 95.

⁵⁹⁵ Vandewalle, *A History of Modern Libya*, 99.

⁵⁹⁶ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 174. Qadhafi began elevating his family members starting sometime in the early 1970s.

⁵⁹⁷ Vandewalle, "Libya's Revolution Revisited," 43.

Independent Variable: The United States' Imposition of Targeted Sanctions (1978 - 1984)

Starting in 1978, the United States began to impose more costly targeted sanctions on Libya as relations between the states deteriorated even further. The United States enforced a ban on weapons sales in 1978, citing Libya's support of terrorist groups. In 1979 a Libyan mob, ostensibly with government support, descended on the US embassy. At this point, most embassy staff were withdrawn and the US officially designated Libya a state sponsor of terrorism (SST).⁵⁹⁸ In 1981, the United States officially severed ties with Libya by closing the Libyan People's Bureau and expelling over two dozen Libyan diplomats. Later that year the US government launched military attacks and ordered American citizens to leave Libya in reaction to Libyan fighter flights over the Gulf of Sidra, a contested territory. In 1982, the United States imposed traditional economic sanctions⁵⁹⁹ against Libya by embargoing the export of oil/gas equipment and technology to Libya as well as cancelling the sale of twelve Boeing commercial jets to Libyan Arab Airline.⁶⁰⁰ The United States expanded on these sanctions in 1984 by halting the export of supplies to Libya's Ras Lanuf petrochemical complex.⁶⁰¹

Even as relations with the United States continued to deteriorate, Libya antagonized other countries. In 1980, France banned the sale of new weapons systems to Libya after demonstrators razed its embassy⁶⁰² but continued to provide spare parts for French-built equipment used by the Libyan military.⁶⁰³ The United Kingdom organized a stronger response to Libyan aggression by breaking diplomatic relations with Libya, banning arms exports, and restricting government

⁵⁹⁸ Popovski, "Fighting the Colonel."

⁵⁹⁹Yahia H. Zoubir, "Libya in US Foreign Policy: From Rogue State to Good Fellow?" and U.S. Department of State, "Significant Events in U.S.-Libyan Relations" (September 2, 2008).

⁶⁰⁰ Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

⁶⁰¹ Popovski, "Fighting the Colonel."

⁶⁰² Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered* and O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 174-197.

⁶⁰³ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 15.

export credit guarantees following the murder of a London policewoman inside the Libyan embassy in April 1984. While the sanctions imposed during this period grew increasingly expansive and aggressive, they remained targeted in nature,⁶⁰⁴ and although other countries began to implement modest sanctions in the 1980s the United States continued to be the primary sender.⁶⁰⁵

Of all the sanctions imposed by the United States during the late 1970s, Libya's listing as a SST was arguably the most problematic as it empowered the US to enact controls on dual-use items, oppose loans, and prohibit aid.⁶⁰⁶ However, since Libya was relative flush with oil revenues during this time,⁶⁰⁷ only the bans on weapons sales and dual-use items were particularly troublesome, and Libya turned to the USSR as an alternate supplier of these goods.

The costs of sanctions to the Libyan economy increased in the 1980s as the Reagan administration imposed harsher sanctions targeting the oil industry, forcing Libya to seek alternative markets for their oil and different suppliers for oil and gas technology, with consequent additional costs. During this period the Libyan economy contracted substantially. However, it is as yet unclear how much of this contraction can be attributed to harsher sanctions rather than Qadhafi's own economic strategies or the collapse in oil prices that occurred during the early 1980s.⁶⁰⁸ O'Sullivan argues that relative to other oil producing countries, Libya was

⁶⁰⁴ Reportedly, during this period, the United States also attempted to instigate a series of failed coups and assassination attempts.

⁶⁰⁵ Other sanctions senders during the 1980s included France, Italy, and the United Kingdom. Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered*.

⁶⁰⁶ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 174-197.

⁶⁰⁷ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 192.

⁶⁰⁸ Nephew, "Libya: Sanctions Removal Done Right?" and O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 192.

substantially affected by the drop in oil prices during this period⁶⁰⁹ and this may, at least partially, be explained by Qadhafi's pursuit of radical policies to stabilize the economy.⁶¹⁰

Evidence does suggest that economic sanctions did impact the Libyan economy during this early 1980s. For example, from 1980 to 1984 Libya's total exports declined from \$21,919 million to \$10,655 million US, most of which consisted of oil exports.⁶¹¹ Approximately \$8,900 million US of the total exports in 1980 involved the United States, suggesting that much but not all of Libya's decline in total export revenue can be credited to US sanctions during this period.⁶¹² In total, Hufbauer *et al.* argue that from 1981 to 1985, sanctions generated an average annual cost to Libya of approximately \$151 million US.⁶¹³

According to Hufbauer *et al.*,⁶¹⁴ the economic impact of sanctions during this period comprised less than 1.7% of Libya's GNP, a limited sum lending credence to O'Sullivan and Nephew's contention that the impact of sanctions during this early 1980s was relatively modest.⁶¹⁵ However, Hufbauer *et al.* also estimate that from 1983 to 1985, public welfare declined by approximately 30 percent due to the drop in trade.⁶¹⁶ Moreover, it is worth noting that the economic situation in Libya was already fragile due to falling oil prices and weak macroeconomic policies, so one might say that sanctions further destabilized an already bad economic situation.

⁶⁰⁹ Nephew, "Libya: Sanctions Removal Done Right?" and O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 192.

⁶¹⁰ Conversely, the radical policies employed might explain why Libya was so negatively impacted by the drop in oil prices. See Nephew, "Libya: Sanctions Removal Done Right?" and O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 192.

⁶¹¹ Hufbauer *et al.*, "Case 78-8," in *Economic Sanctions Reconsidered*.

⁶¹² Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 19.

⁶¹³ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 19.

⁶¹⁴ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 19.

⁶¹⁵ Nephew, "Libya: Sanctions Removal Done Right?" and O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 192.

⁶¹⁶ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 19.

Dependent Variable: Qadhafi's use of Patronage (1978 – 1985)

Starting in the late 1970s, as the regime more fully embraced socialist rhetoric and Arab nationalism, they began withdrawing their support from private businesses and small farmers⁶¹⁷ while strengthening their ties to the various security forces, the traditional military, Qadhafi's tribe, the remaining members of the Free Officers and the RCC. The regime established People's Committees to operate businesses and eliminated private ownership of businesses and services, such as maid and taxi services, and banned private transactions.⁶¹⁸ In a 1980 speech, Qadhafi called Libya's entrepreneurs "parasites" because their labor was not productive. Businesses were closed around the country—often by Revolutionary Committees. Qadhafi no longer engaged in substantial land redistribution and, instead, encouraged unfettered military growth by pumping great sums of money into military spending and coopted his inner circle by ignoring the growing corruption by the elite, such as their exploitation of the food distribution system. Although Qadhafi charged the Revolutionary Committees with the task of rooting out corruption, their accusations tended to be political in nature and were primarily leveled at Monarchists or others the regime viewed as troublesome.⁶¹⁹ In summary, Patronage increased during this period of unilateral US targeted sanctions.

Independent Variable: The Imposition of Comprehensive Sanctions (1985 – 1991)

Starting in 1985, the United States substantially tightened its sanctions regimen and transitioned from targeted to comprehensive sanctions. These sanctions remained largely unilateral, although other countries did provide some limited support. Prior to the official imposition of

⁶¹⁷ Vandewalle, "Libya's Revolution Revisited," 98-108 and Metz, ed. *Libya: A Country Study*, 124.

⁶¹⁸ Altunisik and Altunisik. "A Rentier State's Response to Oil Crisis," 50.

⁶¹⁹ Vandewalle, *A History of Modern Libya*, 98-108; Vandewalle. "Qadhafi's 'Perestroika': Economic and Political Liberalization in Libya," 227; and Metz, ed. *Libya: A Country Study*, 124.

comprehensive sanctions in 1986, the United States took steps to dramatically expand the scope of sanctions by imposing bilateral trade and financial sanctions in April 1985.⁶²⁰ At this juncture, it can be argued that the totality of the targeted sanctions were sufficiently broad and substantive that they crossed the threshold to effectively become comprehensive, although some areas of economic exchange remained, at the margins, between the two countries.

In November of that year, the United States banned the import of refined petroleum products from Libya, which had increased somewhat in the preceding years following the construction and opening of Ras Laneuf petrochemical complex.⁶²¹ However, these new sanctions also proved insufficient and Qadhafi continued his support of various terrorist organizations. On January 7, 1986, after evidence surfaced that Libya provided support to a Palestinian faction behind coordinated terrorist attacks in Rome and Vienna, Reagan invoked the Emergency Economic Powers Acts to formally impose comprehensive trade and financial sanctions on Libya,⁶²² prohibiting the trade of most goods, technology, services, loans and credits to the Libyan government, as well as travel to and from Libya.⁶²³ On January 8, 1986, the United States froze the Libyan government's assets.^{624,625}

The US government also began to aggressively encourage allies to join their sanctions regime with modest success.⁶²⁶ President Reagan wrote a series of letters to US allies, and Deputy Secretary of State John C. Whitehead visited the nine NATO partners.⁶²⁷ In a show of

⁶²⁰ Popovski, "Fighting the Colonel," 2.

⁶²¹ Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

⁶²² Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

⁶²³ Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

⁶²⁴ Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

⁶²⁵ US Treasury officials did revise these sanctions to allow oil companies to temporarily continue operations and avoid abandoning their contracts and assets in the hands of Libya, providing the Libyans with a huge economic boon. However, they were ultimately required to extract themselves from their Libyan holdings by June 30th, 1986. Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

⁶²⁶ Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

⁶²⁷ Hufbauer *et al.*, "Libya Timeline," *Economic Sanctions Reconsidered*.

solidarity, Italy agreed to ban arms sales to Libya and took steps to prevent its companies from acquiring holdings in Libya that were abandoned by American corporations.⁶²⁸ Similarly, Canada suspended insurance coverage subsidies for companies operating in Libya and prohibited attempts by Libya to sign new contracts with Canadian businesses for advanced oil drilling equipment or technical assistance denied by the United States.⁶²⁹ By August 1986, OPEC reported that France was boycotting Libyan oil.⁶³⁰ However, other countries were not as supportive of the US-lead sanctions. For example, in January of 1986 a private trade mission representing fourteen companies from Belgium and Luxembourg visited Libya to express their interest in replacing American businesses.⁶³¹ Although the trade investments from these countries did increase, the net effect was limited.⁶³²

Regardless of mixed foreign attitudes towards sanctions, the United States remained aggressive in their program of economic sanctions. In fact, some US officials even admitted to attempting to provoke Qadhafi, claiming they were ‘aching for a go at [him]’ and ‘looking for an excuse.’⁶³³ However, after 1986, US policymakers put the Libya problem temporarily on the backburner due to Qadhafi’s attempts to avoid direct confrontation with the US and the

⁶²⁸ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 15.

⁶²⁹ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 16.

⁶³⁰ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 3.

⁶³¹ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 16. Similarly, the Islamic Conference passed a resolution condemning US aggression, calling on members to “take the necessary actions deemed appropriate to counter these oppressive American measures.”

⁶³² For example, from 1986 to 1987, Libya’s exports to Belgium-Luxembourg more than doubled, increasing from \$181.41 to \$409.6 million US (imports remained stable). However, the Libya’s net trade in 1987 was approximately \$8047.02 million US (increasing from \$6729.28 million US the preceding year according to IMF data. In other words, Belgium-Luxembourg’s proportion of Libyan exports increased from approximately 2.3% to 5.9% of Libya’s total exports. Notably, Libya’s total exports increased by almost 20% from 1986 to 1986, but only approximately seventeen percent of this growth can be accounted for by sanctions busting. See, Hufbauer *et al.*, *Economic Sanctions Reconsidered* and International Monetary Fund, “IMF DATA Access to Macroeconomic and Financial Data, Direction of Trade Statistics: Libya” <https://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85&Id=1390030341854> (accessed November 20, 2022).

⁶³³ Zoubir, ‘Libya in US Foreign Policy: From Rogue State to Good Fellow?’ 33.

increasingly problematic fallout from the Iran-Contra affair.⁶³⁴ In fact, the United States showed evidence of softening its stance towards Libya during this period, exemplified by allowing oil companies to return to Libya via their European subsidiaries in January of 1989.⁶³⁵ Any progress towards normalization of relations between the two states, limited as it might have been, was quashed when US and UK intelligence agencies reported that Libyan officials were responsible for the Pan Am 103 and UTA 772 bombings in 1991.⁶³⁶

The direct economic impact of the comprehensive, unilateral US sanctions was somewhat limited but should not be ignored, and the economic conditions in Libya steadily worsened starting in 1985. Libya's GDP fell steadily after 1980 and the rate of decline accelerated rapidly starting in 1985,⁶³⁷ diminishing by twelve points in 1986 and another two points in 1987. According to Hufbauer *et al.*, by the late 1980s the average annual cost of US comprehensive sanctions on Libya was approximately \$350 million US, or 2% of Libya's Gross National Product.⁶³⁸ However, Libya's GDP and other economic metrics began to rebound starting in 1988.⁶³⁹ Again, it is not clear how much of this economic contraction can be directly credited to sanctions, as the price of oil in 1986 dropped by approximately 50% from the price in 1985 and remained depressed for much of the rest of the 20th century.⁶⁴⁰ Nevertheless, the combination of

⁶³⁴ Zoubir, 'Libya in US Foreign Policy: From Rogue State to Good Fellow?' 33.

⁶³⁵ Qadhafi, however, refuses their entry, leaving the US investments "in limbo." Hufbauer *et al.*, "Libya Timeline," Economic Sanctions Reconsidered.

⁶³⁶ Popovski, "Fighting the Colonel," 2; Nephew, "Libya: Sanctions Removal Done Right?" and Anderson "Rogue Libya's Long Road," 44.

⁶³⁷ International Monetary Fund, "IMF DataMapper: Country Data Graph: Real GDP growth; inflation rate," October 2022. <https://www.imf.org/en/Countries/LBY> (accessed November 20, 2022).

⁶³⁸ Hufbauer *et al.*, "Case 78-8 United States v. Libya (1978-2004: Gadhafi, Terrorism)" and 92-12: United States v. Libya (1992-99: Pan Am 103) in *Economic Sanctions Reconsidered*.

⁶³⁹ International Monetary Fund, "IMF DataMapper: Country Data Graph: Real GDP growth; inflation rate," October 2022. <https://www.imf.org/en/Countries/LBY> (accessed November 20, 2022).

⁶⁴⁰ Data derived from *Statista*, <https://www.statista.com/statistics/262860/uk-brent-crude-oil-price-changes-since-1976/> (accessed November 15, 2022) and The World Bank. See The World Bank, GDP (current LCU) <https://data.worldbank.org/indicator/NY.GDP.MKTP.CN> (accessed November 20, 2022) and The World Bank. Oil Rents (% of GDP), <https://data.worldbank.org/indicator/NY.GDP.PETR.RT.ZS?view=chart> (accessed November 20, 2022). These have been adjusted for inflation using CPI from World Bank Indicators.

declining oil prices and comprehensive sanctions resulted in the value of Libyan petroleum exports falling from approximately twelve billion US in 1985 to eight billion US in 1986.⁶⁴¹ In 1986, the US Government also froze all Libyan assets remaining in the United States.⁶⁴² However, by this time the Libyan government and entrepreneurs had preemptively withdrawn most liquid assets from the United States, limiting the effects of the freeze. The United States still managed to freeze approximately \$100 million US, or almost 2% of total Libyan assets overseas.⁶⁴³

The US comprehensive sanctions after 1985 also exacted indirect economic costs on Libya. Understandably, US sanctions led to declining foreign enthusiasm for lending to, and investing in, Libya. Whereas Libya had previously managed to retain a zero-debt balance on the weight of its substantial oil revenues, falling oil prices and US sanctions left it with a mounting debt of over \$3.5 billion US.^{644,645} The United States designation of Libya as a SST limited its ability to borrow from international organizations, leaving Libya reliant on private, non-US, lenders who were wary of providing loans due to the potential for new US sanctions as well as increased military aggression towards Libya. The US sanctions and diplomatic maneuvers were successful at painting Libya as a radicalized pariah country that was not a reliable trading partner and promoted terrorism.

Another consequence of the United States' sanctions regimen was a rising level of food scarcity in Libya. Libya's agriculture sector had struggled for decades and reforming the sector to achieve food independence was one of Qadhafi's major goals after assuming power.⁶⁴⁶ He

⁶⁴¹ Hufbauer *et al.*, *Economic Sanctions Reconsidered*.

⁶⁴² Congress had been considering a ban, so Libya had had time to remove a substantial subset of its assets.

⁶⁴³ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 182.

⁶⁴⁴ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 182.

⁶⁴⁵ The Soviet Union claimed it was owed an additional four billion dollars in payment for military contracts. See Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 16.

⁶⁴⁶ Metz, ed. *Libya: A Country Study*.

was largely unsuccessful as Libya's economic struggles and poor planning had already resulted in a limited food supply by the early 1980s. The imposition of US comprehensive sanctions in 1985 exacerbated the problem. For example, in 1986 a visiting journalist reported that a visit to a supermarket revealed shelves stocked only with ghee and powdered milk, while in 1987 visitors found only powdered milk, Italian suits, and Chinese tea.⁶⁴⁷

The US sanctions on Libya also limited Libya's ability to purchase weapons.⁶⁴⁸ By the mid-1980s, the regime was prohibited from purchasing weapons and advanced military technology from the United States and several other countries.⁶⁴⁹ Libya imported \$2,715 million US (in constant 1991 dollars) in arms in 1984. Arms import expenditures decreased by a factor of approximately 7 in 1991.⁶⁵⁰ Given the increase of military activity between Libya and the United States during this period as well as the rising threat of domestic terrorism in Libya, the decreased accessibility of arms had a substantial impact on the Libyan regime and security forces.

In summary, The US comprehensive sanctions between 1985 and 1991 further stressed an already struggling economy, contributed to the mounting challenges Libya faced regarding food scarcity and rising debt, and made it increasingly difficult for the Libyan government to effectively arm their military.

⁶⁴⁷ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 174.

⁶⁴⁸ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 182.

⁶⁴⁹ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 182 and Hufbauer *et al.*, *Economic Sanctions Reconsidered*.

⁶⁵⁰ U.S. Arms Control and Disarmament Agency. *World Military Expenditures and Arms Transfers, 1991-1992*. U.S. Government Printing Office, 1994.

Dependent Variable: Qadhafi's use of Patronage (1985 – 1991)

Growing economic hardship in the 1980s due, in part, to the slump in oil prices and the rising cost of US sanctions led the state to implement a series of austerity measures in 1982, including cutting imports. These measures negatively impacted the food and consumer goods distribution system and, ultimately, led to a virtual collapse of the system that triggered public outcry. The state's supermarket system was already faltering due to the regime's growing corruption and disorganization, and rumors concerning how the elite enjoyed extravagant housing and destroyed the supermarket system with their corruption were rampant. Qadhafi appears to have turned a blind eye to his coalition's exploitation of the supermarket system and the rise of a black market, a tacit form of Patronage that helped to ensure continued support from his Winning Coalition.⁶⁵¹

Popular anger expanded rapidly in 1986 leading to attacks on supermarkets, the growth of terrorist organizations, and vocal criticisms within the General People's Council.⁶⁵² In response to rising domestic pressure (the threat of revolution by the disenfranchised), Qadhafi eventually agreed to implement political and economic reforms, announcing that it was time for a Libyan *Infithah*⁶⁵³ and in 1987, Qadhafi announced a package of reform policies that promised to liberalize Libya's political and economic life. He began by releasing hundreds of political prisoners and demolishing Tripoli's central prison.⁶⁵⁴ He combined these political strategies with a package of economic benefits nominally targeting the remnants of Libya's small business community, back-pedaling on his radicalization of state policies in the late 1970s and early 1980s. Qadhafi conceded to the demands of the General People's Council and introduced

⁶⁵¹ Vandewalle. "Qadhafi's 'Perestroika': Economic and Political Liberalization in Libya," 230 and St. John, "The Changing Libyan Economy: Causes and Consequences," 79.

⁶⁵² Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis: Economic Reform Policies in Libya," 52.

⁶⁵³ Vandewalle. "Qadhafi's 'Perestroika': Economic and Political Liberalization in Libya," 230.

⁶⁵⁴ Vandewalle. "Qadhafi's 'Perestroika': Economic and Political Liberalization in Libya," 230.

policies liberalizing trade and allowing for the partial privatization of small to medium sized businesses⁶⁵⁵ These businesses were not fully liberalized, rather they took the form of *tashrukiya*—hybrid enterprises that fell somewhere in the spectrum between private and state ownership. Qadhafi was particularly focused on introducing policies privatizing the retail and service industry,⁶⁵⁶ although many of these policies were never fully implemented.⁶⁵⁷ Perhaps most importantly, the regime made little effort to build an effective regulatory framework to control the market.⁶⁵⁸ According to Vanderwalle:

[L]ocal reactions to the country's attempts at reform and liberalization revealed the interests and power of different constituencies in Libya. The initial phase met with little resistance since the liberalization of trade and the end of import regulations benefited consumers and small entrepreneurs who were now free to import food and consumer goods from abroad. This first set of measures also did not affect the fortunes of groups deemed vital to the Libyan leader's maintenance of power: the country's top technocrats within the LNOC and their privileged and protected state institutions, managers of state enterprises, the military, and those entrepreneurs with close links to the military. Indeed, the first phase strengthened their fortune: they could now more easily gain access to credit, engage openly in import and export transactions, and use more readily available foreign currency for capital goods imports. Paradoxically therefore, the lack of regulation that accompanied the first wave of reform brought about an even greater degree of economic capital. Small retail merchants did not have equal access to capital and, as a result, restricted their operations to food, services that required little capital, and to consumer goods imported from neighboring countries.⁶⁵⁹

The regime's use of Patronage (e.g., military expenditures, black market, corruption, political appointments) did not really change much during this period, but new opportunities for

⁶⁵⁵ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis: Economic Reform Policies in Libya," 53-54.

⁶⁵⁶ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis: Economic Reform Policies in Libya," 53-54.

⁶⁵⁷ Vandewalle, *A History of Modern Libya*, 165-166. This is debated, see Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis: Economic Reform Policies in Libya," 6.

⁶⁵⁸ Vandewalle, *A History of Modern Libya*, 161.

⁶⁵⁹ Vandewalle, *A History of Modern Libya*, 165.

corruption arose as a consequence of the partial liberalization of economic policies. That said, the private sector did grow sufficiently to compensate for the inefficient state supermarkets to some degree and forestall upheaval.

It is challenging to determine whether the regime's use of Patronage was intentionally expanded during the late 1980s and early 1990s. For example, the greater availability of consumer goods, such as food, benefited consumers and small businesses. This raises the question of whether Libya's Selectorate, defined as the pool of individuals outside the Winning Coalition that have some nominal influence on the selection of the leaders,⁶⁶⁰ were also the target of Qadhafi's liberalized economic policy. In Chapter Two, I argued that the Selectorate may ally with the disenfranchised when they are alienated by the autocrat, thereby raising the threat of revolution. In the 1970s and early 1980s, the Qadhafi regime alienated small-business owners (arguably members of the Selectorate) by shutting down private enterprise. The rising dissatisfaction with the regime's economic policies by both the disenfranchised and the Selectorate and the perceived threat of revolution may have, at least in part, driven the regime toward economic liberalization.

Ultimately, I would characterize the use of Patronage as increasing during this phase of the sanction episode, with some remaining ambiguity as to the true target of economic liberalization.

Findings

The initial phase of the Libyan episode stretches from 1971 to 1991, but the more impactful sanctions began after 1978 with the designation of Libya as an SST and the withdrawal of US

⁶⁶⁰ Bueno de Mesquita et. al., *The Logic of Political Survival*, 41-51.

embassy staff from Libya. During this period, the government remained reliant on unearned income while the sanction type varied. The United States first imposed targeted sanctions and in 1985 moved towards comprehensive sanctions.

The unilateral US targeted sanctions between 1978 and 1984 exacerbated the threat of elite defection by attacking the regime's income source, limiting Libya's purchase of armaments, oil and gas technology, and aircraft. These sanctions also restricted Libyan oil exports, effectively draining the regime's pocketbook while threatening his support from key members of the regime's Winning Coalition: the military, Libya's National Oil Company as well as other State-Owned Enterprises, and the RCC. Given that Qadhafi had thwarted a coup in 1975 he was particularly sensitive to such threats.

Qadhafi responded by expanding his use of Patronage, increasing military funding, and turning a blind eye to the greater levels of corruption. Qadhafi expanded his Patronage to the groups that were most important to maintaining power (the Winning Coalition), including active members of the RCC, top military elites, members of Qadhafi's family, and a small group of Qadhafi loyalists at Bab al-Aziziyya who controlled the ministries.⁶⁶¹ The regime focused spending on military growth and established People's Committees to operate businesses and centralize control, while turning a blind eye toward corruption in the regime and the evolving black market in Libya. Second, Qadhafi consolidated the state's control over the economy by introducing a series of policies from 1978 through the early 1980s that limited free market activity. This reduced the domestic audiences' capacity for revolution by both increasing the reliance of the disenfranchised (and Selectorate) on the state and limiting their organizational capacity (a form of Systemic Repression). As Qadhafi expanded the nation's military

⁶⁶¹ Vandewalle, *A History of Modern Libya*, 136.

capabilities and engaged in increased military activity, he also created the Revolutionary Committees, allowing him greater capacity to suppress threats emanating from all groups in response to these changes.⁶⁶² I conclude that when targeted sanctions were unilaterally imposed by the United States on Libya between 1978 and 1985, the use of Patronage increased consistent with Hypothesis Two: D.⁶⁶³

The unilateral imposition of comprehensive sanctions by the United States, coupled with the drop in crude oil prices, the regime's austerity program, and the disruption of the state's food and consumer goods network brought the country to a crisis point in the mid- and late-1980s. The regime's Patronage practices (e.g., military expenditures, black market, corruption, political appointments) do not appear to have evolved during this period, except as a consequence of the about-face in economic policy: the liberalization of trade policies and movement back towards privatization of small- and medium-sized businesses. This change in economic policy also resulted in an increase in corruption and black-market activity, benefiting the regime's Winning Coalition. Inasmuch as the intention of the liberalized economic policies is unclear, I would characterize the use of Patronage as increasing, with some question as to the intent of liberalization.

Phase Two: United Nations Multilateral Sanctions, 1992-1999

During the second period of the Libyan episode as the US comprehensive sanctions remained in place, the United Nations imposed targeted sanctions in response to Libyan terrorist activity and

⁶⁶² The establishment of the Revolutionary Committees qualified as a form of Systematic Repression, while the use of these Committees to suppress potential threats would generally be considered a form of Targeted Repression.

⁶⁶³ The regime's concordant increase in both Systemic and Targeted Repression (discussed in Appendix 6.2) can be at least partially explained by the regime's increased militarization and its expansion of military activity.

the regime's refusal to cooperate with international investigations. Throughout this period, the Libyan government remained reliant on unearned income.⁶⁶⁴ As described below, the use of Patronage increased steadily throughout the 1990s, consistent with Hypothesis 2: D. However, by the end of the decade the impact of sanctions began to tell, as the regime's capacity to maintain its use of Patronage and coopt elites began to wane. Ultimately, the regime conceded UN demands and sanctions were suspended.

Independent Variable: Multilateral United Nations Targeted Sanctions (1991-1999)

In December of 1988 Pan Am 103, travelling from London to New York, exploded over Lockerbie, Scotland.⁶⁶⁵ A total of 270 individuals were killed: 244 passengers, fourteen crew, and eleven people on the ground.⁶⁶⁶ One year later, French flight UTA 772 exploded over Niger killing 169 on board.⁶⁶⁷ There was little change in the US sanctions on Libya immediately following the attacks as the investigations took several years. However, in 1991 US and UK intelligence concluded that Libyan officials were responsible for the attacks on Pan Am flight 103 and UTA 772.⁶⁶⁸ These reports dramatically shifted international attitudes towards the ongoing dispute between the United States and Libya.

On November 14, 1991, the United States and Great Britain brought criminal charges against Abdel Basset Ali al-Megrahi and Lamen Khalifa Fhimah, two Libyan Intelligence

⁶⁶⁴ Because Libya's economic structure remains relatively stable throughout the entire sanction episode, I do not examine its lack of variation in each sub-period, as this would be redundant. Libya's economic structure was studied in detail in my overview of the important actors and trends.

⁶⁶⁵ Blanchard, "Libya: Background and U.S. Relations," 8.

⁶⁶⁶ Blanchard, "Libya: Background and U.S. Relations."

⁶⁶⁷ U.S. Department of State. "Significant Events in U.S.-Libyan Relations." September 2, 2008.

⁶⁶⁸ Popovski, "Fighting the Colonel" 2; Nephew, "Libya: Sanctions Removal Done Right?" and Anderson "Rogue Libya's Long Road," 44.

officers,⁶⁶⁹ for the bombing of Pan Am 103 and UTA 772.⁶⁷⁰ The US and UK also claimed that they had found evidence suggesting that high level aids to Qadhafi might have been involved.⁶⁷¹ On November 27, 1991, the United States, United Kingdom, and France issued a joint statement calling for Libya to surrender the two identified Libyan suspects for trial in the bombing of Pan Am Flight 103, disclose all “knowns” of the crime, pay appropriate compensation, and renounce terrorism.⁶⁷² After repeated attempts by the United States, United Kingdom, and France to convince Libya to cooperate and hand over the suspected terrorists, the United Nations Security Council issued UNSC Resolution 748 imposing economic sanctions on Libya.⁶⁷³ These sanctions included a travel ban for some Libyan officials, a restriction on all flights to and from Libya, the closing of Libyan airline offices, an arms embargo, and reducing the diplomatic staff permitted at embassies. Continued Libyan resistance precipitated the expansion of sanctions in June of 1992 with the adoption of UNSC Resolution 882. These new sanctions substantially

⁶⁶⁹ Later, in 2021, additional charges were filed against a third Libyan intelligence officer, Abu Agila Mohammad Masud Kheir Al-Marimi. See Hosenball, Mark and David Shepardson. “U.S. charges Libyan in 1988 Lockerbie bombing that killed 270.” *Reuters* (December 21, 2020).

⁶⁷⁰ Lardner Jr., George. “2 Libyans Indicted in Pan Am Blast.” *Washington Post*, November 15, 1991.

⁶⁷¹ Lardner Jr., George. “2 Libyans Indicted in Pan Am Blast.” *Washington Post*, November 15, 1991.

⁶⁷² Bush, George H.W. “Statement Announcing Joint Declarations on the Libyan Indictments.” UC-Santa Barbara: *The American Presidency Project*, November 27, 1991.

⁶⁷³ In December 1991 the United States, the United Kingdom, and France filed documents with the UN calling on Libya to, among other things, deliver the implicated officials for trial in their respective jurisdictions. Initially, Qadhafi indicated that he was willing to cooperate, but would not directly hand over the suspects to the US, UK, and France, justifying this decision by questioning the ability of the hostile nations to fairly try the Libyan suspects and pointing to the absence of an extradition treaty. However, Libya suggested alternatives, including trying the suspects in Libya in compliance with the Montreal convention or holding trials in a neutral country or the Hague. The United States and the UK rejected these alternatives and continued to demand that Libya surrender the suspects and threatened sanctions. In early December 1991, The UN and European Community began to echo the United States, France, and UK’s joint demands and reiterate their threats. Soon after Qadhafi attempted to stall potential sanctions by arresting the suspected terrorists, however, he still refused to extradite them. On January 21, 1992, the UN Security Council adopted Resolution 731, urging Libya to meet four demands previously outlined by the United States, UK, and France in November of 1991. Resolution 731 called on Libya to “immediately provide a full and effective response to the extradition requests and contribute to the elimination of international terrorism.”

2) Resolution 731 also demanded that Libya disclose all information known about the bombing crimes and allow access to all relevant information and that it pay appropriate accommodation to the victim’s families. Qadhafi declined to concede after which the United States, UK and France pushed the Security Council to adopt Resolution 748, and international sanctions were imposed on Libya in the face of their continued refusal to cooperate with Resolution 731. See Popovski, “Fighting the Colonel” and Hurd, “The Strategic use of Liberal Internationalism.”

strengthened pre-existing penalties by implementing freezes on Libyan government funds, banning Libya's import of oil-transporting equipment, and further reducing the number of diplomatic personnel permitted in embassies.⁶⁷⁴ Importantly, oil sanctions were never imposed multilaterally, as many states were highly reliant on Libyan oil and resistant to such prohibitions.

From 1992 through the mid-1990s, events remained largely at an impasse. The United Kingdom, the United States, and France continued to reiterate their demands for Libya to renounce terrorism and fully cooperate in the investigations, while Libya continued to refuse Western demands and offer alternatives that the US, UK, and France found inadequate. The UN continued to impose sanctions supported by the international community. However, in the mid-1990s attitudes towards the sanction regimen started to shift as Libya began testing the resolve of various countries towards enforcing the sanction protocols.⁶⁷⁵ Support for multilateral sanctions further deteriorated in 1996 when the United States passed the Iranian-Libya Sanctions Act (ILSA). ILSA empowered the US government to punish companies investing more than \$40 million US in the Libyan petroleum sector.⁶⁷⁶ This policy was not well-received by the international community and third parties began to consider Libyan arguments of US overreach in a new light.⁶⁷⁷ Despite US efforts to the contrary, the global community began to soften their stance on sanctions towards Libya.⁶⁷⁸

⁶⁷⁴ Popovski, "Fighting the Colonel," 3 and Anderson "Rogue Libya's Long Road," 43.

⁶⁷⁵ Libya's probing including sending planes to Mecca for the Hajj in 1995 and occasional flights to Egypt in 1996. See Hurd, "The Strategic use of Liberal Internationalism".

⁶⁷⁶ ILSA was passed soon after the Helms-Burton Act which threatened companies doing business with Cuba which further enflamed public reaction. The French responded to ILSA with threats of immediate retaliation and the European Union passed legislation barring compliance with extraterritorial sanctions and threatening to file suit against the United States in the WTO. Hurd, "The Strategic use of Liberal Internationalism" and Nephew, "Libya: Sanctions Removal Done Right?"

⁶⁷⁷ Hurd, "The Strategic use of Liberal Internationalism," 41.

⁶⁷⁸ As Qaddafi continued to probe the boundaries of sanctions, the Arab League and the OAU passed resolutions decreeing that their members could ignore the flight ban. The GCC, and individual countries also began questioning the utility and legitimacy of the sanctions regime. Around this time the OAU also passed legislation saying it would not adhere to sanctions starting September 1998 if the US and UK did not agree to put the Pan Am bombing suspects on trial in a third state. Hurd, "The Strategic use of Liberal Internationalism," 41.

A turning point came in February 1998 when the International Court of Justice (ICJ) ruled that the ICJ had the authority to determine whether Libya must relinquish its nationals for trial over the Pan Am bombing.⁶⁷⁹ As tensions increased, an agreement between the United States, the UK, and Libya was made to extradite the two suspects to the Netherlands, where they would be tried under Scottish law. If convicted, the prisoners would serve time in a British prison. On April 5, 1999, Abdel Basset Ali al-Meghrahi and Lamén Khalifa Fhima⁶⁸⁰ were surrendered to Camp Zeist, a former US military base.⁶⁸¹ Under the agreement, UN sanctions were suspended once the suspects reached the Netherlands, although the resolutions would not be fully rescinded until 2003.⁶⁸² Despite Libya's increased willingness to cooperate with the international community and their decision to extradite the Pan Am suspects to a third party, relations between the United States and Libya remained chilly and the United States remained resolute in their determination to continue comprehensive sanctions.

The impact of multilateral, targeted sanctions on the Libyan economy was much stronger than the effects of unilateral sanctions imposed by the US during the preceding years. Libya continued to export oil throughout the 1990s, although the volume of exports annually declined

⁶⁷⁹ France, the US, and UK had tried to argue that the ICJ did not have jurisdiction due to the UNSC previous resolutions. Libya argued that under the Montreal convention, Libya was not obligated to extradite the two suspects and they could face trial in Libya or a neutral country. Close allies of the US within the Arab League voiced concerns regarding the legality of sanctions increasing pressure on the United States and the UK. In the face of the ICJ ruling, Libya argued that UN sanctions should be viewed as null and void. Hurd, "The Strategic use of Liberal Internationalism," 42.

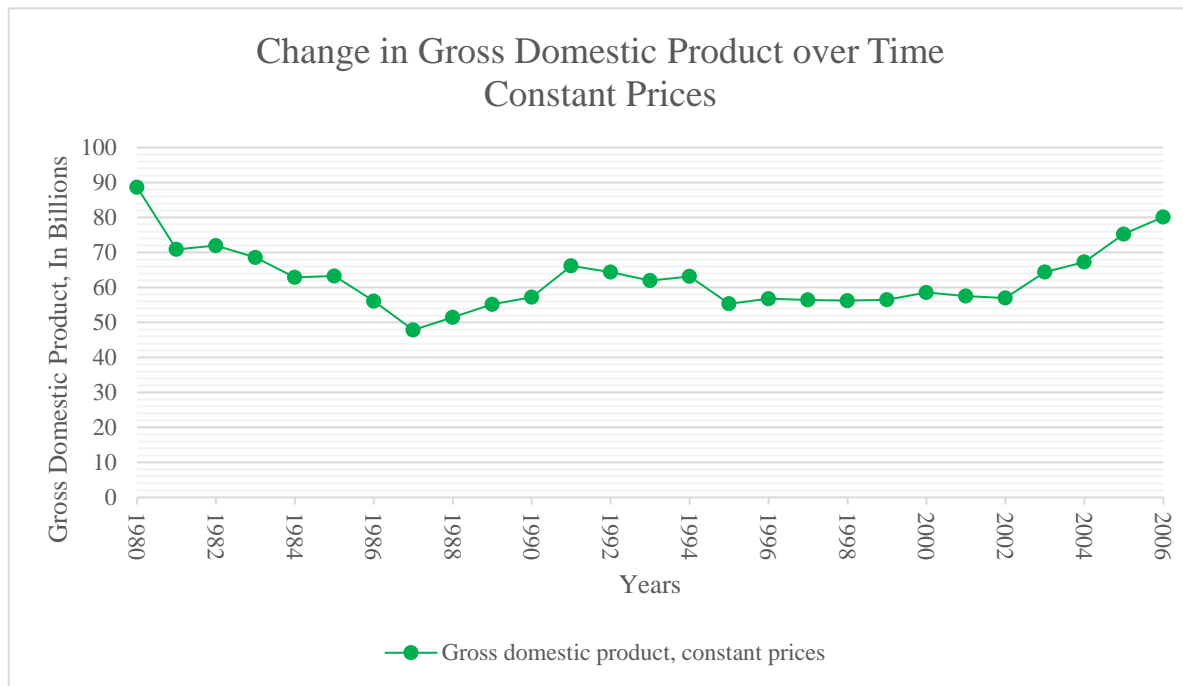
⁶⁸⁰ Notably, it appears that the UK assured Qadhafi that there was evidence only against Al-Meghrahi and Fhimah and no senior members of the Libyan government were under suspicion. Reports have since suggested that Qadhafi was complicit and that Qadhafi had personally thanked Masud and Fhima for attacking an American target and described the operation as a total success. See Hurd, "The Strategic use of Liberal Internationalism," Hosenball, Mark and David Shepardson. "U.S. charges Libyan in 1988 Lockerbie bombing that killed 270." *Reuters* (December 21, 2020), and a U.S. Department of Justice Press Release. "Former Senior Libyan Intelligence Officer and Bomb-Maker for the Muammar Qaddafi Regime Charged for the December 21, 1988 Bombing of Pan Am Flight 103." (December 21, 2020).

⁶⁸¹ The trial convicted one of the suspects: Abdelbaset Mohamed Ali Al-Megrahi. The court found there was insufficient evidence to convict the second suspect, Laheem Fhima. See Popovski, "Fighting the Colonel".

⁶⁸² Prior to this agreement, Libya had cooperated with France to assist in its investigation of UTA flight 772 and agreed to pay \$31 million US to France to compensate families of those killed in the bombing of UTA flight 772. France had informed the UN in October of 1998 that it was satisfied with Libya's cooperation.

during this sanctioning period.⁶⁸³ Moreover, as Figure 6.1 below indicates, the Gross Domestic Product declined by approximately ten percent during the mid-1990s, after rebounding in the tail end of the 1980s and early 1990s.⁶⁸⁴

Figure 6.1: Gross Domestic Product, Constant Prices⁶⁸⁵



While it appears that the collapse of oil prices and United States unilateral sanctions had a stronger impact on GDP during the 1980s, the impact of sanctions in the 1990s was longer lasting. From 1992 to 1999 Libya's economy grew approximately 0.8% in total.⁶⁸⁶ Libya's weak economy led the government to fix salaries between 150 to 500 dinars (around \$500 US per month).⁶⁸⁷ This was particularly problematic due to the spikes in inflation that occurred

⁶⁸³ Source World Bank Indicators, Price held constant over time. See The World Bank. *World Development Indicators*, September 16, 2022. World Development Indicators.

⁶⁸⁴ The World Bank, *World Development Indicators* (September 16, 2022). <https://data.worldbank.org/indicator> (accessed November 20, 2022).

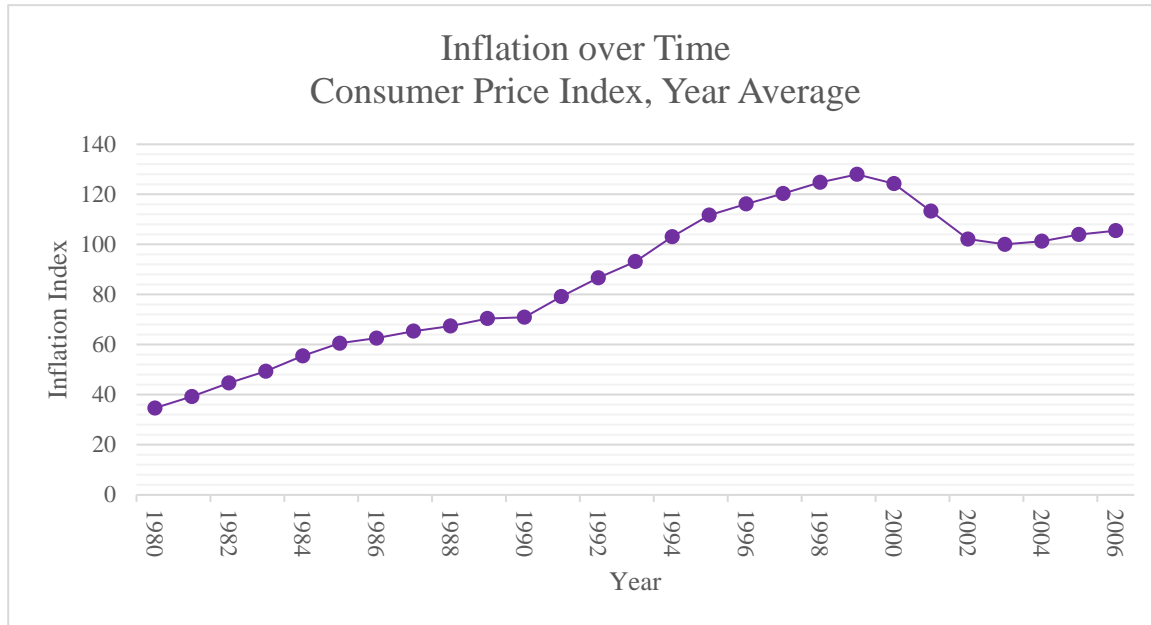
⁶⁸⁵ The World Bank, *World Development Indicators* (September 16, 2022). <https://data.worldbank.org/indicator> (accessed November 20, 2022)

⁶⁸⁶ Nephew, "Libya: Sanctions Removal Done Right?"

⁶⁸⁷ Nephew, "Libya: Sanctions Removal Done Right?"

during this period. As Figure 6.2 below depicts, inflation climbed steadily during the 1980s. However, in the 1990s it grew rapidly: the Consumer Price Index increased from about 86 in 1992 to approximately 128 in 1999 prior to the end of UN targeted sanctions.⁶⁸⁸

Figure 6.2: Inflation Over Time, Average Consumer Price Index⁶⁸⁹



Hufbauer, Schott and Elliot have estimated that the impact of sanctions on Libya during this period was approximately \$630 million US annually, assigning approximately \$350 million US annually to the comprehensive US sanctions in 1986 and an additional \$282 million US due to the targeted UN sanctions.⁶⁹⁰ In total, this accounts for approximately 3.5% of Libya's annual GNP.⁶⁹¹

⁶⁸⁸ The World Bank, GDP (current LCU) <https://data.worldbank.org/indicator/NY.GDP.MKTP.CN> (accessed November 20, 2022).

⁶⁸⁹ The World Bank, *World Development Indicators* (September 16, 2022). <https://data.worldbank.org/indicator> (accessed November 20, 2022)

⁶⁹⁰ Hufbauer *et al.*, *Economic Sanctions Reconsidered*.

⁶⁹¹ Hufbauer *et al.*, *Economic Sanctions Reconsidered*.

The sanctions also had long-term indirect repercussions. First, because the sanctions were imposed for an extended period, their impact was cumulative. Moreover, since many of the sanctions undermined the ability of Libyans to access technical staff and spare parts, key sectors of the Libyan economy degraded over time.⁶⁹² The aviation and oil industries were particularly impacted, which had cataclysmic effects on the Libyan economy.⁶⁹³ UN sanctions drove Libya to the black market for the necessary spare parts to keep various industries afloat, forcing them to spend up to four times fair market price.⁶⁹⁴ All of these problems compounded to keep the economy sluggish, inflation high, and wages stagnant. Perhaps the most challenging effect of sanctions was the uncertainty that pervaded the economy and weakened the currency, further increasing inflation. Ultimately, sanctions became so pernicious that Qadhafi ceded to the UN demands and surrendered the suspects in the Pan Am 103 bombing.⁶⁹⁵

Dependent Variable: Qadhafi's use of Patronage (1992 - 1999)

During the late 1980s and early 1990s, Qadhafi introduced a series of economic reform policies that included measures reintroducing privatization and liberalizing trade and banking laws. However, Qadhafi's lackluster support⁶⁹⁶ for these policies and failure to establish effective

⁶⁹² St. John, "The Changing Libyan Economy: Causes and Consequences," 85.

⁶⁹³ St. John, "The Changing Libyan Economy: Causes and Consequences," 85.

⁶⁹⁴ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 197.

⁶⁹⁵ Albeit, not to the US or UK directly, but rather to a third party.

⁶⁹⁶ Despite spearheading the Libyan *Infitah*, Qadhafi had major concerns regarding the political implications of reform. Sustained *infitah* required Qadhafi to formalize state institutions, impose taxes, and, temporarily, expand the role of the state. Introducing this type of regulatory framework ran counter to Qadhafi's basic political theory. Although the Qadhafi regime had almost total control over Libyan society and its economy, Qadhafi legitimized his regime by promoting the ideas of populism and by promoting the idea of a "stateless state," where the people essentially ruled themselves through various committees. Qadhafi, saw himself as a sort of Messianic figure, channeling the voice of the people while protecting the Revolution. Moreover, the regime relied on their almost absolute control over Libyan society and economy to maintain power. Reducing his direct control over society and the economy by formalizing regime institutions and expanding the (functional) regulatory system and bureaucracy would both limit his personalistic control over the state in practical terms while also undermining his legitimacy. See Vandewalle, *A History of Modern Libya*, 160-166 and Vandewalle. "Qadhafi's 'Perestroika': Economic and Political Liberalization in Libya," 228. On the other hand, Qadhafi also recognized that if he refused

oversight for these measures increased opportunities for corruption. Qadhafi continued to privatize many state-owned industries resulting in a profusion of unfair business practices, elite exploitation, and corruption. The regime, in fact, tolerated even greater levels of corruption and tacitly encouraged black market activities as “instruments of people’s power.”⁶⁹⁷ Further expanding the market economy without a strong regulatory system allowed more nefarious forms of Patronage to flourish including land and property speculation and investment in black market goods and currency.⁶⁹⁸ Multilateral targeted sanctions further contributed to growing corruption by producing even greater scarcity in consumer goods.⁶⁹⁹ Corruption expanded to include smuggling, fraud, currency speculation, and money laundering by senior officials, further inciting domestic unrest which in turn led to increased repression. Although the regime may have promoted an ideal of anti-corruption at its inception,⁷⁰⁰ by the 1990s corruption was a “key component of Qadhafi’s tool kit, a way to buy loyalty from the very top to the very bottom—from the country’s tribal leaders to the henchmen who filled his thuggish apparatus.”⁷⁰¹

to concede public demands for reform, the regime would face a potential existential crisis. The Libyan government, like many other resource rich states, effectively purchased the cooperation of their audiences by ensuring continued economic welfare and providing extensive public goods (in addition to extensive systemic repression, such as censorship, suppression of political and civil liberties and the institution of martial law). However, as Libya’s economic conditions declined, the regime was no longer able to meet the requirements of the state’s unwritten social contract. By failing to meet audience’s expectations, the regime opened themselves to mounting criticism and rising revolutionary threat. Given the state’s economic conditions, the only way the regime could minimize unrest is via either expansive repression which could trigger further instability or by reform. Therefore, to ensure the regime’s continued survival, Qadhafi conceded demands and instituted reforms, albeit the reforms were curtailed and largely not implemented. See Vandewalle, “Qadhafi’s ‘Perestroika’: Economic and Political Liberalization in Libya,” 228.

⁶⁹⁷ Vandewalle, *A History of Modern Libya*, 166.

⁶⁹⁸ Altunisik and Altunisik, “A Rentier State’s Response to Oil Crisis: Economic Reform Policies in Libya,” 54.

⁶⁹⁹ Anderson “Rogue Libya’s Long Road,” 45.

⁷⁰⁰ Vandewalle, Dirk. “Libya’s Revolution Revisited.”

⁷⁰¹ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 253.

Findings

The second phase of the Libyan sanctions episode extended from 1992 to 1999. During this period, multilateral targeted sanctions were imposed on Libya, in addition to the US comprehensive sanctions, and the regime remained reliant on unearned income. My findings support Hypothesis Two: D, which predicts that when targeted sanctions are imposed on autocrats who are reliant on unearned income, the regime will increase their use of Patronage. By 1999 the regime's financial resources were running dangerously low and it was becoming more and more difficult to coopt domestic populations with Patronage and what little Public Goods they continued to use.⁷⁰² At the same time, the UN sanctions regime was rapidly losing steam.⁷⁰³ These parallel sets of pressures forced Libya, the United States, France, and the UK to come to the bargaining table.

Concluding the Sanctions Episode: The Withdrawal of Sanctions, 1999-2006

The United Nations suspension of its sanction regime jump-started a period of sanctions withdrawal that concluded the Libyan sanctions episode. In 1999, Libya and the primary motivators for sanctions, the United States, the UK, and France, forged an agreement leading to the suspension of UN multilateral sanctions. However, the United States remained skeptical of Libya's sincerity and continued to unilaterally impose sanctions until 2006. Starting in 2003, Libya began to accede to US demands: they renounced terrorism, committed to disabling their WMD program, and signed an agreement to compensate families of victims of the attacks on Pan Am Flight 103 and UTA Flight 772. In response, the United States entered an agreement with Libya to dismantle their sanctions regime in lockstep with Libya disabling their WMD's under

⁷⁰² Vandewalle, *A History of Modern Libya*, 166.

⁷⁰³ Hurd, "The Strategic use of Liberal Internationalism."

external inspection. This process was systematic and lasted through 2006, meaning that Libya remained subject to a slowly diminishing, targeted sanctions protocol throughout this period.

On April 5, 1999, Libya surrendered two Libyan nationals, Abdel Basset Ali al-Meghrahi and Lamén Khalifa Fhima⁷⁰⁴ to Camp Zeist, a former US military base in the Netherlands that was temporarily granted special jurisdiction to serve as a Scottish Court for the trial of the former Libyan officials.⁷⁰⁵ Libya made this concession as part of a larger compromise that ultimately led to the suspension of UN sanctions on Libya in 1999.⁷⁰⁶ Although the agreement was sufficient for the United Nations to suspend Resolutions 731 and 882, the United States and the United Kingdom refused to permit these sanctions to be fully rescinded until the victims' families were fully compensated.⁷⁰⁷ Moreover, the United States continued to impose unilateral sanctions until all original demands were met. In particular, the United States was adamant that Libya renounce terrorism and provide counterterrorism and intelligence cooperation.⁷⁰⁸

On August 13, 2003, Libya signed an agreement to pay \$2.7 billion US in compensation to the families of the victims of Pan Am flight 103. Two days later, Libya submitted a letter to the UNSC accepting responsibility for the bombing of Pan Am flight as a "sovereign state accepting responsibility for the actions of its officials" and in fulfillment of the final condition originally outlined by France, the United States, and the UK, Libya renounced all forms of

⁷⁰⁴ Notably, it appears that the UK assured Qadhafi that there was evidence only against Al-Meghrahi and Fhimah and no senior members of the Libyan government were under suspicion. However, reports have since suggested that Qadhafi was complicit and that Qadhafi had personally thanked Masud and Fhima for attacking an American target and described the operation as a total success. See Hurd, "The Strategic use of Liberal Internationalism," 12 and Hosenball, Mark and David Shepardson. "U.S. charges Libyan in 1988 Lockerbie bombing that killed 270," *Reuters* (December 21, 2020).

⁷⁰⁵ Deutsch, Anthony. "Extension Given in Lockerbie Trial." *Washington Post*, June 7, 1999.

⁷⁰⁶ To secure the suspension of sanctions, Libya surrendered suspected terrorists to a third party for trial and also committed to paying compensation to the families of victims of the attacks on Pan Am flight 103 and UTA flight 772.

⁷⁰⁷ Popovski, "Fighting the Colonel".

⁷⁰⁸ Blanchard, "Libya: Background and U.S. Relations," 5.

terrorism.⁷⁰⁹ In September 2003, the United Nations voted to officially remove Libya's sanctions in a 13-0 vote (France and the US abstained).⁷¹⁰

Initially the United States remained committed to the imposition of unilateral sanctions on Libya.⁷¹¹ However following several abrupt policy changes by Qadhafi, particularly his unexpected decision to relinquish WMDs, the United States began officially reversing their unilateral sanctions program in Spring 2004.⁷¹² This was a deliberate, phased process that lasted through May 2006.⁷¹³ From February to November 2004 the United States withdrew various sanctions including its travel ban, the United States National Emergency with respect to Libya (IEEPA), and the ban on export-import loans to Libya.

Progress in normalizing relations was delayed in 2005, when reports that the Libyan government had attempted to assassinate the Saudi Crown Prince reached the United States.⁷¹⁴ This development left the United States reluctant to remove Libya's designation of a state sponsor of terror until the Libyan government could provide the necessary assurances. After extensive deliberation, the United States finally removed Libya from the SST list in 2006, justifying their decision by arguing:⁷¹⁵

As a result of the historic decisions taken by Libya's leadership in 2003 to renounce terrorism and to abandon its WMD programs, the United States rescinded Libya's designation as state sponsors of terrorism on June 30. Since pledging to renounce terrorism in 2003, Libya has cooperated closely with the United States and the International community on counterterrorism efforts.

⁷⁰⁹ Hufbauer *et al.*, *Economic Sanctions Reconsidered*.

⁷¹⁰ Paul Kerr, "U.S. Refuses to Lift Sanctions Against Libya," *Arms Control Today* 33, no. 8 (October 2003): 34. Sanctions were suspended in 1999, but the United States and UK were unwilling to allow the formal conclusion of sanctions until Libya met the terms of the agreement.

⁷¹¹ Kerr, "U.S. Refuses to Lift Sanctions Against Libya."

⁷¹² Kerr, "U.S. Refuses to Lift Sanctions Against Libya."

⁷¹³ Nephew, "Libya: Sanctions Removal Done Right?" and Kerr, "U.S. Refuses to Lift Sanctions Against Libya," 7.

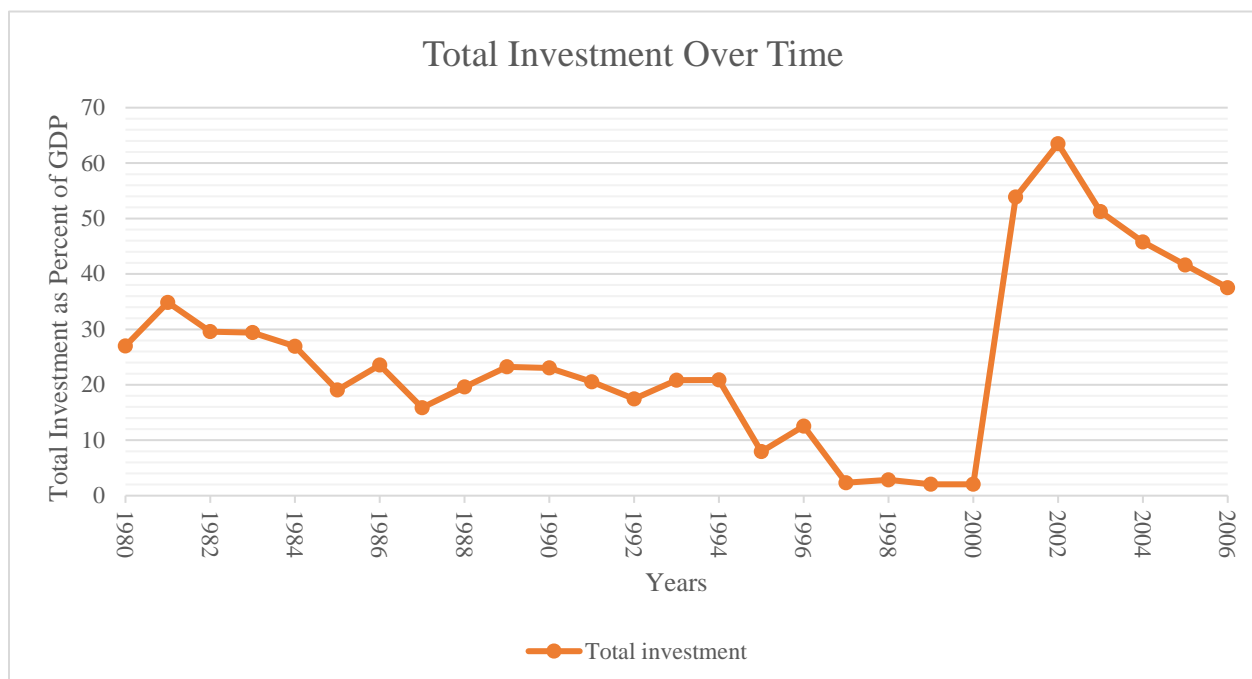
⁷¹⁴ Nephew, "Libya: Sanctions Removal Done Right?"

⁷¹⁵ U.S. Department of State, Office of the Coordinator for Counterterrorism. "Chapter 3-State Sponsors of Terrorism," *Country Reports on Terrorism* (April 30, 2007) and Nephew, "Libya: Sanctions Removal Done Right?"

This final act signified the conclusion of the United States' decades-long sanctions program against Libya. At this point, relations between the United States and Libya were largely normalized.

After the suspension of UN targeted sanctions there was a substantial decline in inflation in Libya. From 1999 to 2003 inflation fell nearly thirty points from over 127 to 100 percent (Figure 6.2 above), and there was a substantial increase in total investment, as depicted below in Figure 6.3. Investment was negligible throughout the 1990s, however from 2000 to 2002 investment rebounded, reaching almost 65% of GDP, with much of this increase coming from foreign sources.⁷¹⁶

Figure 6.3: Total Investment Over Time, as percent of GDP⁷¹⁷



⁷¹⁶ O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, 202.

⁷¹⁷ The World Bank, GDP (current LCU) <https://data.worldbank.org/indicator/NY.GDP.MKTP.CN> (accessed November 20, 2022).

Libya's economic rebound was even greater after the United States began to repeal their sanctions in 2004. As reflected in Figure 6.1 above, Libya's GDP increased substantially from 2003 to 2006 and exports increased by over 40% from 2003 to 2004.⁷¹⁸ Inflation did increase marginally during this period and total investment declined; however, it appears these effects were both responses to the economy adjusting to explosive growth and then stabilizing. In general, it appears that as Libya finished adjusting to the repeal of UN sanctions and the United States began to first negotiate and then slowly repeal sanctions, Libya underwent a period of expansive growth lasting from 2002 through 2004. Eventually, the economy marginally retracted, and Libya's macroeconomic indicators became more normalized.

General Conclusions

This case study provided an assessment of Hypothesis Two: C and D. My general findings are outlined in Table 6.2 below,⁷¹⁹ describing three tests across two different phases of the Libyan case study. For the two phases where targeted sanctions were imposed (unilateral US sanctions [1978-1985] and UN multilateral sanctions [1992-1999]), the use of Patronage increased, consistent with Hypothesis Two: D.

To evaluate Hypothesis Two: C, I studied the impact of comprehensive US sanctions on Libya from 1985 to 1991. During this period the menu of Patronage practices did not change. However, following growing unrest over commodity shortages Qadhafi began partially liberalizing his economic policies. Absent regulatory structures to oversee a reawakening market

⁷¹⁸ Although, the percentage increase in exports did stabilize to around ten percent in 2005 and 2006. Even prior to the repeal of sanctions, the negotiations and Libya's decision to dismantle its WMD seemed to have a positive impact on its economy. In 2003, GDP grew by almost 10% and there was a 40% increase in exports.

⁷¹⁹ Note that the tables are color-coded to indicate how closely my findings correlated to my predictions. Findings highlighted in green demonstrate agreement between my findings and predictions, while finding highlighted in yellow indicate ambiguity.

economy, abuses of the system and corruption grew, primarily benefiting Qadhafi's Winning Coalition. Nevertheless, it is difficult to ascertain what audience the regime was truly addressing with these policies. The Winning Coalition? The hungry disenfranchised? Or the Selectorate which, if aligned with the disenfranchised, could enable a revolution? Therefore, although Patronage did effectively increase during this phase of the sanctions episode, as indicated in Table 6.2, this finding remains subject to some ambiguity.

Table 6.2: Libya Case Study Predictions & Observations

	Sanctions		Principal Predictions			Control Variable		Observations	
Phase	Years	Sanction Type	Hypothesis	Economic Structure	Predicted Policy	Independent Variables/ Causal Event	Predicted Policy	Principal Predictions	Other Relevant Policies
Phase One	1978-1984	Targeted Sanctions	Two: D	Unearned Income	Patronage Increases	Strong Loyalty Norm (Hypothesis One: A)	Systemic Repression Increase	Patronage increases.	Systemic Repression Increased
						Militarized Conflict (Abroad)	Systemic Repression Increase		Targeted Repression Increased
						Militarized Conflict (With US along borders)	Targeted Repression Increase		
	1985-1991	Comprehensive Sanctions	Two: C	Unearned Income	Patronage No change.	Strong Loyalty Norm (Hypothesis One: A)	Systemic Repression Increase	Patronage increases, but the targets of liberalization are unclear.	Systemic Repression Decreased (After 1986)
						Militarized Conflict (Abroad)	Systemic Repression Increase		Targeted Repression Decreased (After 1986)
						Militarized Conflict (With US along borders)	Targeted Repression Increase		
Phase Two	1992-1999	Targeted Sanctions	Two-D	Unearned Income	Patronage Increases	Strong Loyalty Norm	No Change in Systemic Repression	Patronage increases.	Systemic Repression Increased
						Militarized Conflict (Domestic)	Systemic Repression Increase & Targeted Repression Increase		Targeted Repression Increased

Chapter Seven: Conclusion

The use of sanctions has expanded dramatically since the end of the Cold War, as has research into their efficacy, effects, and implications.¹ However, important questions remain unanswered and we are only beginning to understand consequences of sanctions for target states², their leaders³, and domestic audiences⁴. For example, researchers still struggle to explain how and why the economic damage wrought by sanctions does not always transform into capitulation.⁵

My project joins an emerging literature that addresses these issues by exploring how sanctions on autocratic regimes impact their domestic policy choices and how the political and economic structures of the state shape these behaviors. This study provides insight into how domestic audiences are affected by sanctions, when sanctions are most likely to stimulate domestic unrest, and under what circumstances sanctions imposition will catalyze human rights violations. Ultimately, the hope is that this work can help policymakers most efficiently and humanely achieve their international relations and national security goals.

¹ Baldwin, *Economic Statecraft*; Ang and Peksen, “When do Economic Sanctions Work?” 135-145; Lektzian and Souva, “An Institutional Theory of Sanctions Onset and Success,” 848-871; Ethan Kessler, “How Economic Sanctions are Used in U.S. Foreign Policy,” (Working Paper, Chicago Council on Global Affairs, 2022); Hufbauer *et al.*, *Economic Sanctions Reconsidered*; Pape, “Why Economic Sanctions Do Not Work?” 66-77 and Taehee Whang, “Structural estimation of economic sanctions: From initiation to outcomes,” 561-573.

² Nicholas Moulder, “Introduction: Something More Tremendous than War,” in *The Rise of Sanctions as a Tool of Modern War* (New Haven, CT: Yale University Press, 2022): 1-25.

³ Thomas J. Biersteker, “Targeted sanctions and individual human rights,” 99-117; and Nikolay Marinov, “Do Economic Sanctions Destabilize Country Leaders?” 564-576.

⁴ Elena Servettaz, “A Sanctions Primer: What Happens to the Targeted?” *World Affairs*, 177, no. 2 (July/August 2014): 82-89; Biersteker, “Targeted sanctions and individual human rights,” Biersteker and Ali Fathollah-Nejad, “Why sanctions against Iran are counterproductive: Conflict resolution and state-society relations,” *International Journal*, 69, no. 1 (March 2014): 48-65.

⁵ Moulder, “Introduction: Something More Tremendous than War” and Bud Coote, “Uneven Application of Sanctions,” 7-8.

Theoretical Underpinning

All regimes must retain the support of some subset of the population to remain in power and, under duress, different domestic groups pose different types of threats. To mitigate these threats, autocrats introduce a matrix of policies that suppress unrest and/or coopt domestic audiences, thereby maintaining the status quo. Each state's policy matrix is unique and represents a balance between carrots and sticks. The carrots I consider here include the use of Public Goods to coopt the Disenfranchised and Patronage to maintain the support of the Winning Coalition. The sticks involve the use of Targeted and Systemic Repression.

The imposition of sanctions can disrupt the relationship between leaders and their constituents by altering the welfare of domestic groups, thereby encouraging the Winning Coalition to defect to a challenger and/or moving the Disenfranchised towards revolt. As threats grow, leaders must adjust their matrix of policies to coopt or suppress potential challenges. The policies employed to mitigate the threat(s) depend on the type of sanctions that are imposed by the sender, the domestic audience(s) they impact, and the economic and political structures of the target state. Targeted sanctions most strongly impact the regime's Winning Coalition (often the elites), since they tend to focus on luxury goods, weaponry, and financial transactions. Comprehensive sanctions, on the other hand, typically impose greater costs for the Disenfranchised because they involve an embargo of all trade with the target state, impacting access to basic necessities.

The imposition of sanctions threatens the leader when a group has both the willingness and capacity to rebel. The Disenfranchised are most primed to revolt when the Loyalty Norm is strong, or the leader is reliant on earned income. In contrast, members of the Winning Coalition are most likely to defect when the Loyalty Norm is weak, or the leader is reliant on unearned

income. If comprehensive sanctions are imposed and the Disenfranchised are capable of revolt, the regime must adjust its domestic policies to mitigate the rising revolutionary threat, generally by either increasing their use of Systemic Repression or Public Goods, contingent on the state's political and economic structures. If the Disenfranchised are not primed to revolt, they will be unable to successfully mount a challenge, and the regime will not be motivated to alter its policies. If targeted sanctions are imposed, causing members of the Winning Coalition to see the value in defecting to a challenger, the regime must again adjust its matrix of policies, generally by increasing the use of Patronage. However, if targeted sanctions are imposed when the Loyalty Norm is Strong or the leader is reliant on earned income, members of the Winning Coalition will be unwilling to defect and the leader will, once again, have no reason to alter the policy matrix. The matrix of policies, sanction types, and political and economic structures were folded together to produce two hypotheses for evaluation:

Hypothesis One:

The impact of Loyalty Norm on a leader's domestic responses to sanctions is contingent on the Sanction Type imposed.

- A) When comprehensive sanctions are imposed: as the Loyalty Norm increases in strength, the leader's use of Systemic Repression increases.
- B) When targeted sanctions are imposed: as the Loyalty Norm increases in strength, there will be no change in the leader's use of Systemic Repression.
- C) When comprehensive sanctions are imposed: as the Loyalty Norm decreases in strength there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the Loyalty Norm decreases in strength, the leader's use of Patronage increases.

Hypothesis Two:

The impact of Income Source on a leader's domestic responses to sanctions is contingent on the Sanction Type imposed.

- A) When comprehensive sanctions are imposed: as the leader's reliance on earned income increases, the leader's use of Public Goods increases.
- B) When targeted sanctions are imposed: as the leader's reliance on earned income increases, there will be no change in the leader's use of Public Goods.
- C) When comprehensive sanctions are imposed: as the leader's reliance on unearned income increases, there will be no change in the leader's use of Patronage.
- D) When targeted sanctions are imposed: as the leader's reliance on unearned income increases, the leader's use of Patronage increases.

Empirical Findings

Both quantitative and qualitative methodologies have inherent strengths and weaknesses. To maximize the benefits of each approach while minimizing potential costs, I utilized a mixed methods approach. While a mixed methods research design offers numerous benefits, I found two advantages of such an approach particularly compelling: the ability to corroborate findings via multiple methodologies and the promise of convergent validation⁶ through triangulation. To further extend the analytical power of my analysis, I adopted a nested quantitative-qualitative research design, meaning the findings from my quantitative study would directly inform my qualitative analysis.

I first conducted a series of eight quantitative tests of my theory, using a dataset I reconstructed assessing the characteristics of sanctions at the Target-Year level of analysis. Each test evaluated a different sub-hypothesis I proposed, and my assessments produced mixed results. My quantitative tests found support for five of my sub-hypotheses (One: A, One: B, Two: A, Two: B, and Two: D). However, three of my sub-hypotheses (One: C, Two: C, and One: D)

⁶ As explained in Chapter Three, the primary benefit of convergent validation is that the results from different methodologies can inform and clarify each other.

were not supported by my quantitative findings. Notably, the three models that yielded results inconsistent with my predictions examined changes in Patronage, suggesting that closer examination of when and how leaders use Patronage to coopt domestic audiences is necessary. This motivated the choice of my two case studies.

To identify my qualitative cases, I first utilized my quantitative findings to identify a universe of viable cases and eliminate alternatives. From the remaining pool of cases I selected the two cases I would review for my qualitative analysis: the US imposed sanctions on Libya (1970s – 2006) and the US imposed sanctions on Nicaragua (1980s). I selected these cases for several reasons. First, both cases experienced comprehensive and targeted sanctions. Second, while both cases experienced some degree of military entanglement (it was effectively unavoidable), neither case was engaged in an extensive military campaign lasting the entire sanctioning period. Third, while each case focused on a different state structure (Nicaragua focused on the role of political structure while Libya examined the role of economic structure), I attempted to select cases where the other state structures remained stable, to varying degrees of success. Fourth, the two cases came from different regions, ensuring geographic variability. Finally, and most importantly, my quantitative data predicted that these cases would align most closely with either Hypothesis One: C & D or Two: C & D. Although the findings from my quantitative analysis largely supported my theory, my tests evaluating a regime's use of Patronage were mostly refuted. I wanted to better flesh out this finding and determine whether the observed shortcoming lay with my theory, measurement, or both. For this reason, I selected cases where the observed variation in the independent variables predicted change (or no change) in Patronage.

The first study evaluated Hypotheses One: B and C in the case of US sanctions imposed on Nicaragua during the 1980s. My tests found support for Hypothesis One: B; specifically, that the imposition of targeted sanctions during the early 1980s, when the Loyalty Norm was strong, resulted in no meaningful change in the regime's use of Systemic Repression. However, I did find that when comprehensive sanctions were imposed during the latter half of the 1980s, the regime increased their use of Patronage as the regime's Loyalty Norm weakened. There was a marked increase in corruption in the food distribution network and the elites' consumption of luxury goods. This finding is inconsistent with Hypothesis One: C's predictions. During this period, the regime also expanded its use of Patronage to include land redistribution, which favored the peasants, and granted autonomy to indigenous populations to secure their support in a democratizing political environment. I characterize these actions as Patronage since they were exclusive (targeted) and cooptative, although I acknowledge that others might view them as an expansion of Public Goods consistent with Bueno de Mesquita *et al.*'s proposal that as a regime's Loyalty Norm expands, the regime will shift their emphasis from Private to Public Goods.⁷

I also conducted a study evaluating Hypotheses Two in the case of US unilateral and UN multilateral sanctions imposed on Libya from 1978 - 1999. This provided the opportunity to assess Hypothesis Two: C (1985-1991) and Hypothesis Two: D (1978-1985 and 1991-1999). My findings supported Hypothesis Two: D, demonstrating that during both the 1980s and 1990s, the Qadhafi regime increased their use of Patronage in response to targeted sanctions. However, my study of Hypothesis Two: C produced ambiguous results. Specifically, although the regime did not increase its use of conventional forms of Patronage in response to Comprehensive

⁷ Bueno de Mesquita *et al.*, *The Logic of Political Survival*.

sanctions, as commodities grew scarcer and domestic audiences became more restless, Qadhafi's regime began to liberalize economic policies, benefiting multiple groups. It is unclear who these policies targeted: The small business owners that had previously been cast aside and now had the opportunity to, once again, engage in commerce? The Disenfranchised that were hungry for food and consumer goods? Or members of the Winning Coalition who, in the absence of a strong legal framework regulating Libya's economy, were able to further enrich themselves through corrupt practices? Regardless, this case again affirmed that a regime's use of Patronage is nuanced and begs further study and clarification.

My qualitative findings underscored some of the challenges with Patronage first identified by my quantitative results. After reviewing both my qualitative and quantitative findings, I drew several conclusions regarding why my hypotheses regarding Patronage were not substantiated. Ultimately, the challenges were both conceptual and methodological. Theoretically speaking, examining a leader's use of Patronage was difficult for a few reasons. Conceptualizing a policy's type is inherently tricky due to its fuzzy nature and examining the boundaries of Patronage proved to be particularly difficult for a couple of reasons. First, it is difficult to determine the boundary between Patronage and Public Goods, as demonstrated by the Libya example. Second, despite the expectations of my theory and the larger selectorate literature, it appears that Patronage (Private Goods) are not used exclusively to manipulate the Winning Coalition;⁸ rather, it is also used to compel the influentials.

My empirical studies also helped me identify some methodological shortfalls that made measuring Patronage particularly challenging. First, Patronage is most often performed covertly⁹

⁸ Or, arguably, the Winning Coalition is much broader than we expect.

⁹ Targeted Repression will also be performed covertly, but it is more difficult to hide, particularly as the numbers grow over time.

and the use of such policies can easily be masked as other goods such as construction spending. This means that in order to measure Patronage, we have to rely almost exclusively on proxy variables. Moreover, of all the policy types, Patronage is most often an economic-type policy;¹⁰ economic policies are probably the most difficult to classify both in terms of intent and impact, as they often have multiple audiences. This makes Patronage even more challenging to measure. Armed with my argument and findings, I can begin to explain some of the challenging cases that continue to vex researchers and practitioners alike. While my research does not offer direct insight into ‘*when*’ or ‘*do*’ sanctions will work, my argument and findings do begin to explain ‘*how*’ sanctions work, and to some extent, ‘*why* or *why not*’. This information should ultimately inform questions such as ‘*when*’ or ‘*under what circumstances*’.

Predicting Behavior: International Sanctions Against Russia, 2022

The argument and findings outlined in this work can provide insight into the recent sanctions imposed on Russia in response to her aggression towards Ukraine. This most recent sanctions episode, and by extension, incident of Russian aggression, traces to the Russian annexation of Crimea in 2014.¹¹ The ‘political, historical, geographical, and linguistic’ context of Crimea

¹⁰ Public Goods also takes the form of economic redistribution, however other elements can often be observed as well, such as education and health care spending. Patronage is often exclusively economic in form. This can be true of Public Goods, as well, but Public Goods will have more variability because it is such a broad policy type.

¹¹The 2014 invasion took place after pro-Russian president, Victor Yanukovich, was ousted by popular uprising. Soon thereafter, unmarked Russian soldiers appeared in Crimea. While President Putin claimed no involvement and that the soldiers were “self-defense groups,” he ultimately admitted that troops had been employed to support Crimea’s defense forces (a majority of Crimea’s population is of Russian heritage). Over the next month, Russian soldiers effectively annexed the region and on March 16, a referendum was held where residents had the option to join Russia or return to Crimea’s 1992 constitution; remaining part of Ukraine was not provided as an option. Local authorities reported that the turnout was over 80% and 96.7% wanted to join Russia, these numbers were later shown to be inflated. Notably, despite the questionable referendum results, survey data suggests that annexation was popular amongst the Crimean population and across ethnic divisions. Furthermore, this popularity has grown over time, in no small part due to the massive financial investments Putin has sunk into the region. See, for example <https://www.washingtonpost.com/politics/2020/03/18/six-years-20-billion-russian-investment-later-crimeans-are-happy-with-russian-annexation/> Although these findings are contentious, see

provided Russia with leverage, ultimately making it easier to conquer compared to Ukraine in its entirety.¹² In response to Russian aggression, a coalition of Western states including the European Union, the United States, Canada and other interested countries imposed sanctions on Russia and Crimea. Sanctions included restrictions on firms and individuals with close ties to the Russian government and import/export restrictions related to defense and energy sectors. In total, sanctions on Russia cost approximately \$1.3 billion US from 2014 to 2016, although they continued into the 2020s.¹³ In response, Russia counter-sanctioned the sender states on imports of foodstuffs, costing approximately \$10.5 billion US in lost trade.¹⁴ Notably, while the Western sanctions were not as broadly costly to the Russian Economy, they did have a “significant impact on the Russian firms and individuals on whom sanctions were imposed.”¹⁵

Starting in Fall 2021, Russia began expanding its troop presence along the Ukrainian border and by February 2022, it had amassed approximately 190,000 troops in or near Ukraine.¹⁶ According to military analysts, the Russian military was prepared to invade from the North, South, and East. On February 24, 2022, “[o]n the first day of the first major land war in Europe in decades, the Russian military plunged into Ukraine by land, sea and air.”¹⁷ The decision to invade has been reported to be largely driven by faulty intelligence and Putin’s own deeply held

<https://www.atlanticcouncil.org/blogs/ukrainealert/2022-review-russias-invasion-has-united-ukraine/>. Ultimately, Putin called the debacle a win and Crimean and Russian officials formally signed and ratified a treating ascending Crimea into Russia within days of the referendum.

<https://www.brookings.edu/blog/order-from-chaos/2020/03/17/crimea-six-years-after-illegal-annexation/>

¹² The majority of Crimea is ethnically Russian (roughly 60 percent), the remaining 40 percent is a mix of ethnically Ukrainian and Crimean Tatars. Since Crimea was annexed, at least 250,000 people have moved from Russia to Crimea, and approximately 140,000 have moved from Crimea into Ukraine, suggesting that the ethnic breakdown of the population of Crimea has evolved. These numbers were current as of 2020, see

<https://www.cnbc.com/2022/08/18/russia-took-crimea-from-ukraine-in-2014-now-kyiv-is-fighting-back.html>;

<https://www.brookings.edu/blog/order-from-chaos/2020/03/17/crimea-six-years-after-illegal-annexation/>

¹³ <https://cepr.org/voxeu/columns/making-sanctions-bite-eu-russian-sanctions-2014>

¹⁴ <https://cepr.org/voxeu/columns/making-sanctions-bite-eu-russian-sanctions-2014>

¹⁵ <https://cepr.org/voxeu/columns/making-sanctions-bite-eu-russian-sanctions-2014>

¹⁶ <https://www.nytimes.com/interactive/2022/world/europe/ukraine-maps.html>

¹⁷ <https://www.nytimes.com/interactive/2022/world/europe/ukraine-maps.html>

beliefs that Ukraine was an “inalienable part of Russia’s own history, cultural, and spiritual space” and that an oppressed Russian minority would welcome Putin’s army and rise-up to overthrow their Ukrainian overlords.¹⁸ It appears that Putin mistakenly consumed his own propaganda, to disastrous results.¹⁹ When Putin initially launched his “Special Military Operation”, it appears that he expected to invade Ukraine, seize Kyiv, depose the government, and occupy the eastern half of the state within a matter of days.²⁰ This did not happen. One year later, Russian and Ukrainian forces remain locked in battle with neither side showing any interest in compromise.²¹ Moreover, while members of the international press will occasionally call for peace and compromise, increasingly Ukraine’s NATO and European allies agree that their strategic interests would be best served by Russia’s military defeat. This conclusion, combined with Ukraine’s recent military successes in early 2023, has led Ukraine’s allies to deepen their commitment to a Ukrainian victory through increased military aid for Kyiv and a continued sanctions regime against Russia.²²

This project presents a model of how autocrats will respond to the imposition of sanctions based on the type of sanctions imposed and the political and economic structures that define the state. With respect to the Russian case, with information at hand on these three variables, I can try to determine which domestic groups will primarily be affected by sanctions; whether they

¹⁸ <https://www.atlanticcouncil.org/blogs/ukrainealert/2022-review-russias-invasion-has-united-ukraine/>

¹⁹ <https://www.atlanticcouncil.org/blogs/ukrainealert/2022-review-russias-invasion-has-united-ukraine/>

²⁰ <https://www.brookings.edu/articles/the-russia-ukraine-war-and-its-ramifications-for-russia/>

²¹ Putin’s regime survival appears conditional on securing at least some territorial gains, while recent surveys of the Ukrainian public suggest that 93% of the Ukrainian public anticipate a Ukrainian victory, and a majority of Ukrainians are convinced that “only the full restoration of Ukraine’s territorial integrity within the country’s internationally recognized borders can bring peace,” that is, Ukrainians are calling for the restoration of Crimea and parts of Luhansk and Donetsk regions in eastern Ukraine. See, <https://www.atlanticcouncil.org/blogs/ukrainealert/ukrainians-are-united-in-rejection-of-any-compromise-with-the-kremlin/>

²² <https://www.atlanticcouncil.org/blogs/ukrainealert/ukrainians-are-united-in-rejection-of-any-compromise-with-the-kremlin/>

will have the capacity to motivate change and translate their economic costs into a political cost for Putin; and how Putin will respond to these threats if they arise. These insights can predict how Putin will weather the effects of the sanction regime and also inform policy-makers on the potential implications of various policies as they select future sanctions instruments during this ongoing dispute.

The sanctions regime imposed on Russia by the United States and its allies has been described as the most severe and comprehensive sanctions ever imposed on a major economic power.²³ Despite this, I would generally categorize the sanctions imposed as relatively targeted, particularly as universal petroleum sanctions²⁴ have not been levied.²⁵ There exist three broad categories of sanctions: financial sanctions; highly targeted sanctions aimed at specific regions, corporations, or individuals; and import/export restrictions. Financial sanctions include freezing hundreds of billions of the Russian central Bank's assets, in addition to freezing the assets of Putin's supporters and various Russian State-Owned Enterprises (SOE's). A well-publicized financial sanction has prohibited the Russian bank's access to the SWIFT system.²⁶ The second category consists of narrow sanctions targeting individuals and small groups. As of February 6, 2023, the European Union imposed asset restrictions and/or travel bans on 1386 individuals and 171 entities; similar sanctions have been levied by the United States, Japan, Canada, and other

²³<https://www.brookings.edu/research/sanctions-on-russia-over-ukraine/>

²⁴ Russia's petroleum sector is, arguably, the regime's greatest source of vulnerability, this type of sanction would impose significant hardship on the regime.

²⁵ As described in Chapter Two, oil and gas make up more than 50% of Russia's GDP as of 2020. As of 2012 half of the state's revenue came from energy resources, and this percentage continues to grow. Furthermore, the personal fortunes of many government elites as well as many of the oligarchs are directly tied to Russia's energy resources, thus we can anticipate that energy sanctions would heavily impact both state funding and elite's attitudes. See BBC News. "What are the sanctions on Russia and are they hurting its economy?" September 30, 2022; Chon, Gina. "Russia punches economic hole above its weight." *Reuters*, March 16, 2022, Jennifer Rankin, "Hungary 'holding EU hostage' over sanctions on Russian oil." *The Guardian*, May 16, 2022; Eurostat, "From where we import energy?"; and Ben King and Dearbail Jordan, "Russia in Debt Default as Payment Deadline Passes." BBC News, June 27, 2022.

²⁶ <https://www.brookings.edu/research/sanctions-on-russia-over-ukraine/>

interested countries. Targeted individuals include Vladimir Putin; Sergey Lavrov; members of the Russian Duma and the National Security Council; and businesspeople and oligarchs, including Roman Abramovich; and high-ranking military officials.²⁷ Finally, the third category of sanctions included import and export sanctions, such as oil price caps and other natural resource sanctions,²⁸ and sanctions on luxury goods, weapons, and technology.²⁹ Other miscellaneous but meaningful sanctions have included restrictions on airspace access, the elimination of WTO member benefits, and denying Russia's borrowing privilege from the WTO and World Bank.³⁰⁻³¹

These sanctions are robust and have the potential to generate meaningful costs over time. However, since the international community began imposing sanctions in early 2022, Putin has managed to buttress domestic audiences from extensive hardship through huge amounts of capital investment and diversification in trade.³² According to Bloomberg, while economists initially forecasted a 20% decline in capital spending in 2022, Russia actually saw it increase by 6% as companies of all sizes channeled money into new supply chains and spent extravagantly to replace foreign equipment and software. While full economic collapse was expected, output only contracted by 25% over the last year. However, as the pressure of sanctions builds over the next year and uncertainty grows, Bloomberg anticipates a spending slump, although on a smaller

²⁷ <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/#sanctions>

²⁸ Some countries, including the United States, levied full embargoes of natural resources. See, <https://www.atlanticcouncil.org/blogs/econographics/global-sanctions-dashboard-how-sanctions-will-further-squeeze-the-russian-economy-in-2023/>; and <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/08/fact-sheet-united-states-bans-imports-of-russian-oil-liquefied-natural-gas-and-coal/>

²⁹ <https://www.piie.com/blogs/realtime-economics/russias-war-ukraine-sanctions-timeline>

³⁰ <https://www.piie.com/blogs/realtime-economics/russias-war-ukraine-sanctions-timeline>

³¹ In addition to the outlined sanctions on Russia, Russia has responded by imposing countersanctions on the coalition. Countersanctions has included bans on foodstuffs to Russia's Eurasian Economic Union partners, targeted sanctions on individuals like Joe Biden and Mark Zuckerberg, and cutting off natural gas exports to Poland and Bulgaria. <https://www.piie.com/blogs/realtime-economics/russias-war-ukraine-sanctions-timeline>

³² <https://www.bloomberg.com/news/articles/2023-02-08/russia-survived-a-year-of-sanctions-by-investing-as-never-before>

scale than first anticipated.³³ According to Russian economist Olga Belenkaya, while government and SOE spending may continue to grow, private sector investment will likely decline in the coming year.³⁴ Notably, Russia's surging budget and the ever-mounting costs of the war in Ukraine suggests that such spending will be unsustainable into the future.³⁵

In addition to capital spending, Russia began diversifying its trade partners. Russian importers have started to bypass Western restrictions on consumer products, such as smartphones, washing-machines, and computer chips, through their few allies in Eastern Europe and Asia including Armenia, Kazakhstan, and Kyrgyzstan.³⁶ Chinese suppliers have also stepped in to fill the void, and after an initial 'adjustment period' are doing well.³⁷ Russia has also been expanding its fleet of ships in order to buy and sell oil outside of the 60 dollar US cap per barrel,³⁸ and evidence suggests that Russia is already shipping oil to Turkey, India and China in Chinese supertankers not subject to the G7 price cap. In other words, with the support of third parties, Russia has found ways to skirt some of the most damaging international sanctions.

As of 2015, Bueno de Mesquita³⁹ classified Russia as having a moderately strong Loyalty Norm of -.25.⁴⁰ While this data is not up to date, Russia has not undergone any significant

³³ <https://www.bloomberg.com/news/articles/2023-02-08/russia-survived-a-year-of-sanctions-by-investing-as-never-before>

³⁴ <https://www.bloomberg.com/news/articles/2023-02-08/russia-survived-a-year-of-sanctions-by-investing-as-never-before>

³⁵ <https://www.atlanticcouncil.org/blogs/econographics/global-sanctions-dashboard-how-sanctions-will-further-squeeze-the-russian-economy-in-2023/>

³⁶ Such products were not formally banned, however major suppliers have voluntarily withdrawn making access to such goods challenging. <https://www.nytimes.com/2023/01/31/business/economy/russia-sanctions-trade-china-turkey.html>

³⁷ <https://www.nytimes.com/2023/01/31/business/economy/russia-sanctions-trade-china-turkey.html>

³⁸ <https://www.nytimes.com/2023/01/31/business/economy/russia-sanctions-trade-china-turkey.html>

³⁹ Bruce Bueno de Mesquita, *et. al.*, *The Logic of Political Survival*.

⁴⁰ This was on my revised metric of Bueno de Mesquita's Loyalty Norm scale ranges from zero to one, with a zero indicating that the state's loyalty norm was strong and one indicating that the state's loyalty norm was weak. To simplify my analysis, I multiplied Loyalty Norm by -1, so a zero still indicates a strong loyalty norm, but a score of -1 now indicates that the state has the weakest possible loyalty norm. Within the universe of cases I examined for my quantitative analysis, observed values included -.50, -.33, -.28, -.25 and 0. The modal and median value was -.25, while the mean was -.19.

regime changes since 2015 and the Loyalty Norm has been stable since 1991. A Loyalty Norm of -.25 is relatively indeterminate for an autocracy. It suggests that the state is highly autocratic, but not as autocratic as some of the more extreme cases, such as North Korea. Geddes has classified Russia as a personalist regime since 1994, after Yeltsin shut down Parliament and used the military to enforce its closure.⁴¹ Given this additional information, I would classify the Russian regime's Loyalty Norm as relatively strong. The elites are going to be fairly loyal to Putin, although not necessarily as loyal as what one might expect in Libya during the early 1980s. Nevertheless, this suggests the likelihood of elite defection is limited, although not completely impossible. Given the strong Loyalty Norm and increased frustration by the disenfranchised due to military entanglement, revolution is slightly more plausible than it otherwise would be, although still highly unlikely. Ultimately, based on political structure alone, policy change is unlikely. However, this changes once we consider the mitigating effects of economic structure.

To evaluate the structure of Russia's economy, I first look at VDEM's assessment of state ownership. VDEM⁴² classified Russia's economy as 2: Many sectors of the economy either belong to the state or are directly controlled by the state. This value indicates the state's economic structure is somewhat mixed. To derive further clarity, I looked at VDEM's value for 'State Fiscal Source of Revenue'. On this metric, Russia scored a 2, indicating that the state primarily relies on directly controlling economic assets (natural resource rents, public monopolies, and the expropriation of assets within and outside the country to finance its activities).⁴³

⁴¹ Barbara Geddes, Joseph Wright, and Erica Frantz, "New Data Set: Autocratic Breakdown and Regime Transitions," *Perspectives on Politics* 12, no. 2 (June 2014): 313-331.

⁴² Michael Coppedge, *et. al.*, V-DEM Project.

⁴³ As of 2020.

My argument examines how we can expect the imposition of sanctions to influence behavior contingent on the political and economic structures of the state. Hypothesis One examines the effect of political structure, and from this perspective, I anticipate that the imposition of sanctions should have little impact on Putin's threat environment. Hypothesis One: B predicts that when the Loyalty Norm is strong, as is the case in Russia, the imposition of targeted sanctions should lead to no change in the leader's use of Systemic Repression. This prediction was supported, in my study, by both the quantitative and qualitative findings.

Hypothesis Two examines how the state's economic structure shapes the effect of sanctions. Given that the regime was largely reliant on unearned income, I anticipate that targeted sanctions should have a greater effect on autocratic behavior. Hypothesis Two: D predicts that when the autocrat is reliant on unearned income, as is the case in Russia, the imposition of targeted sanctions should lead to an increase in Patronage. This prediction was supported, in my study, by both the quantitative and qualitative findings.

While it is questionable whether the imposed sanctions have been sufficiently costly over the last year to impose sufficient costs on domestic audiences and thereby necessitate changes in Putin's domestic policies, I can make some attempt at assessing whether the identified Hypotheses describe the behavior observed over the last year.

Hypothesis One: B predicts that there should be no change in Putin's use of Systemic Repression. Multiple sources report an increase in repression since Putin's invasion of Ukraine. For example, according to Human Rights Watch, Russian authorities introduced new censorship laws providing for prison sentences for various offenses, such as referring to the conflict in Ukraine as a war, reporting on war crimes or Ukrainian civilian casualties, or criticizing the

invasion and/or conduct of Russian forces.⁴⁴ The Kremlin further expanded the scope of legislation labeling groups and individuals as foreign agents and introduced criminal provisions for ‘confidential cooperation’ with international organizations comparable to punishment for high treason. Law enforcement further began responding systemically to widespread protests with violence and mass arrests. Russia also expanded laws discriminating against homosexuals and foreigners, as well as increased the number of blacklisted organizations.⁴⁵ These findings directly contradict the expectations outlined by Hypothesis One: B. However, they are consistent with my discussion in both chapters Five & Six about how the presence of military action can increase the state’s use of repressive policies. I anticipate that, given that military action tends to correlate with increases in repression, we should continue to see an increase in Russia’s use of Targeted and Systemic Repression so long as the war in Ukraine continues. This should change if the militarized conflict ends and sanctions continue.

Hypothesis Two: D predicts that Putin should increase his use of Patronage. While evidence is limited at this time given the relatively short timeframe, what evidence does exist suggests that Putin has increased his use of Patronage over the last year. Sonin describes his surprise at the ‘acquiescence of the oligarchs who have lost a huge percentage of their wealth as a result of Putin’s decision. They have lost so much, yet they’re silent.’⁴⁶ This suggests that despite costly sanctions, Putin is somehow retaining the support of his oligarchs. When specifically questioned about how the war on Ukraine and sanctions has affected Putin’s standing, Sonin explains that Putin has maintained the loyalty of the military and that top

⁴⁴ <https://www.hrw.org/news/2023/01/12/russia-wars-supersized-repression>

⁴⁵ <https://www.hrw.org/news/2023/01/12/russia-wars-supersized-repression>

⁴⁶ Konstantin Sonin is described by Billy Morgan as “the John Dewey Distinguished Service Professor at the Harris School of Public Policy... A Russian citizen and frequent critic of Putin’s autocratic regime.” See, <https://news.uchicago.edu/story/examining-war-ukraine-one-year-after-russian-invasion>

officials are incredibly well-paid. In fact, all Russian generals are at least millionaires, and there are direct channels of corruption targeting the top echelons of the military. While Putin would not win a fair election, as long as he continues to maintain the support of the military he will remain in power.⁴⁷ While more systematic evidence is difficult to gather over a limited time-frame, Transparency International⁴⁸ echoes Sonin's conclusions, reporting that Russia has grown more corrupt since 2021 as its score on the Corruption Perception Scale fell by 1 point from 29 to 28 out of 100 (with higher values indicating less corruption).

At this time, it appears that the economic costs of sanctions on Russia are limited because Putin has successfully mitigated financial hardships through increased capital spending and diversifying trade. However, as sanctions continue over the coming years (and I suspect it will be years), the costs are going to continue mounting. Despite these growing costs, I would be surprised if Putin's coffers become so drained that he cannot continue to coopt his Winning Coalition, particularly with access to markets to whom he can sell oil in China, India, and Turkey. Therefore, I anticipate that the likelihood of Putin being ousted by his Winning Coalition is relatively low.

In contrast, I suspect the possibility of Putin being overthrown by revolution is slightly higher, although, still fairly low. Normally, Putin would not face a meaningful threat from the Disenfranchised given the use of targeted sanctions. However, military activity tends to increase both the leader's use of repression, while also decreasing domestic audience's tolerance for both sanctions and foreign entanglements. The cost of the Ukrainian war and sanctions might grow so great that the Disenfranchised does successfully revolt, however this is a long shot. Such revolution would be much more likely if the international community imposed comprehensive

⁴⁷ <https://news.uchicago.edu/story/examining-war-ukraine-one-year-after-russian-invasion>

⁴⁸ <https://www.transparency.org/en/countries/russia>

sanctions. In this case, Putin would be forced to spend more on Public Goods and/or Systemic Repression or face revolution.

Contributions and Future Directions for Research

This project makes several theoretical and methodological contributions to research for both the academic and policymaking communities. In terms of theoretical contributions, I explored how state structures, particularly economic structures, condition the impact of sanctions on leader's policy choices.⁴⁹ Next, I expanded on research examining how sanctions impact a state's propensity towards human rights violations.⁵⁰ I find that while comprehensive sanctions can expand the regime's use of repressive policies, this effect is mediated by the state's political and economic structures. Importantly, I move beyond looking at the relationship between sanctions and a leader's use of repression by exploring the link between sanctions and Patronage, an understudied area of sanctions research.⁵¹ Finally, I developed a new policy typology that can be employed to better explain behavior within an autocratic framework.⁵²

Students of international politics have begun unpacking autocracy and have started exploring the behavior of autocrats in a more systematic fashion.⁵³ For example, recent research has demonstrated that domestic institutions have differential effects on a regime's use of

⁴⁹ Research in this area includes Kirshner, "The Microfoundations of Economic Sanctions;" Kaempfer *et al.*, "International Economic Sanctions"; Escribà-Folch, "Authoritarian Responses to Foreign Pressure;" Escribà-Folch and Wright, "Dealing with Tyranny"; and Marinov, "Do Economic Sanctions Destabilize Country Leaders".

⁵⁰ See Wood, "A Hand upon the Throat of the Nation" and Allen, "The Domestic Political Costs of Economic Sanctions".

⁵¹ Of course, there are some important exceptions, such as Escribà-Folch and Wright, "Dealing with Tyranny" and Escribà-Folch, "Authoritarian Responses to Foreign Pressure".

⁵² While this conceptual framework will be useful within a sanctions context,

⁵³ See Rivera, "Authoritarian Institutions and State Repression" and Frantz and Kendall-Taylor, "A Dictator's Toolkit".

repression. Specifically, autocratic legislatures tend to decrease reliance on repressive policies⁵⁴ whereas the presence of political parties increases the use of repression.⁵⁵ Other research has suggested that as technological advances in digital surveillance extend a regime's intelligence gathering capabilities, the use of more cooptative policies such as Public Goods will decline in favor of more Targeted forms of repression.⁵⁶ This literature has made significant advances, however two shortcomings remain in evidence. First, although increased consideration has been paid to autocrats' use of cooptative policies, repressive policies continue to receive disproportionate attention in the literature.⁵⁷ Second, different branches of the literature exploring autocratic behavior, human rights violations, and dissent have evolved somewhat separately from one another, with different goals and approaches. For example, whereas the state repression literature has traditionally assumed a relatively rationalist approach to political science, the research on non-violent forms of dissent has been much more normative in orientation.⁵⁸ This leads to some ambiguity across the various literatures on fundamental definitions, such as repression as well as the operationalization of those same concepts.⁵⁹ The literature on civil protest tends to define repression in very broad terms and not distinguish

⁵⁴ Rivera argues that the presence of legislatures decreases reliance on all forms of repression while Frantz and Kendall-Taylor claim their presence leads to a decrease in only civil liberty repression. See Mauricio Rivera, "Authoritarian Institutions and State Repression," *The Journal of Conflict Resolution* 61, no. 10 (November 2017): 2183-2207; Erica Frantz and Andrea Kendall-Taylor, "A Dictator's Toolkit: Understanding how co-optation affects repression in autocracies," *Journal of Peace Research* 51, no. 3 (May 2014): 332-346, and Christian Davenport, "State Repression and Political Order," *Annual Review of Political Science* 10 (2007):1-23.

⁵⁵ Rivera argues that the presence of political parties increases reliance on all forms of repression while Frantz and Kendall-Taylor claim that their presence leads to a rise in only physical integrity repression. See Rivera, "Authoritarian Institutions and State Repression"; Frantz and Kendall-Taylor, "A Dictator's Toolkit"; and Davenport, "State Repression and Political Order".

⁵⁶ Xu Xu, "To Repress or to Co-opt? Authoritarian Control in the Age of Digital Surveillance," *American Journal of Political Science* 65, no.2 (April 2021): 309-325.

⁵⁷ Even in the aforementioned articles which researched leader's choices to use cooptative vs. repressive policies, the focus was primarily on repressive behaviors. See Xu, "Xu, To Repress or to Co-opt?"; Rivera, "Authoritarian Institutions and State Repression" and; Frantz and Kendall-Taylor, "A Dictator's Toolkit".

⁵⁸ Erica Chenoweth, Evan Perkoski, and Sooyeon Kang, "State Repression and Nonviolent Resistance," *The Journal of Conflict Resolution*, 61, no. 9 (October 2017): 1950-1969.

⁵⁹ Chenoweth *et al.*, "State Repression and Nonviolent Resistance".

between different forms of repression, which produces methodological and conceptual challenges for researchers. Conventional positivist research into repression faces fewer definitional issues.⁶⁰

The typology I present here can alleviate these challenges in two ways. First, by providing researchers with a comprehensive system for evaluating behavior, this typology should reduce ambiguity in definition, which in turn should simplify operationalization of the concepts. Second, because the typology allows for variation across two spectrums: degree of coerciveness and degree of exclusivity, it should facilitate comparisons across a range of behaviors, thereby reducing the tendency of researchers to focus exclusively on repression. Ultimately, by organizing the range of autocratic behavior in a coherent and comprehensive framework, this typology should provide researchers with greater clarity and insight.

Beyond my theoretical contributions, I also made important methodological contributions. Perhaps the most important contribution was the development of a unique, comprehensive dataset which reconstructs the TIES data into a Target – Year level of analysis. My review of the research could find no other dataset examining sanctions at the Target – Year level of analysis with this degree of breadth. This data will be invaluable to researchers seeking to conduct more comprehensive research on sanction targets.

This project focuses on how sanctions impact domestic policy choices, and I was ultimately able to begin answering how sanctions impact an autocrat's use of different policy choices and how the state's domestic structures condition these effects. However, while this project was fruitful, it ultimately generated more questions than it answered. In future research, I would like to review some of the research presented here while also exploring new avenues. In

⁶⁰ Chenoweth *et al.*, "State Repression and Nonviolent Resistance".

particular, I would like to re-evaluate my quantitative assessments with finer-grained data. Stability in the results would make me even more confident in my findings. I would also like to examine the concept and measurement of Patronage in greater detail, both within and outside of a sanctions framework. In addition to fine-tuning this current project, I would like to examine the effects of policy choice on sanctions efficiency, and I am also interested in exploring how other factors such as temporal considerations impact both how leaders select policy and how those policies influence sanctions outcomes.

I hope that this work also provides useful insights for sanctions research which are translatable to scholarship outside of sanctions. Many of these ideas can be translated to other areas, such as studies exploring how militarized conflict and other forms of economic and diplomatic pressure impact domestic policy, as well as research on two-level games. Perhaps most importantly, this work has contributed useful insights that will advance our understanding of how target states adjust to sanctions, how state structures shape behavior, and how leaders alter their policies in response to the imposition of sanctions.

Appendix 3.1: Constructing Target – Year Sanctions Data

Most sanctions data concentrates on the episode level of analysis.¹ Here, however, I employ the target-year level of analysis. To construct this data I both expanded upon, and deconstructed, existing sanctions data sources before reassembling the data at the Target-Year level of analysis. I used the TIES data as my primary source of sanctions data due to its extensive coverage and useful variables. The process by which I expanded upon and reconstructed the data is detailed below.

To reconstruct the TIES data around the target-year level of analysis, I reconfigured most of the TIES data into target-year variables. Many target states experience multiple sanction episodes at once. For example, sanctions on the United States in 2004 include episodes imposed by Japan in 2003, China in 1997, Mexico in 1998 and 2002, the European Union in 2003 and 2004, Canada in 2004, and others.² The United States suffered the impact of all these sanctions, albeit with different intensities. Therefore, we should consider the joint effects of all these sanctions on the US when examining how sanctions shaped US behavior in 2004.

To derive target-year sanctions data I used an extended version of the TIES data constructed by Deniz Cil, at the University of Maryland.³ Cil's extended TIES data focuses on sanctions cases involving a Militarized Interstate Dispute (MID). I further expanded on her

¹ Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, *Economic Sanctions Reconsidered*, 3rd ed. (Washington, DC: Peterson Institute for International Economics, 2009); T. Clifton Morgan, Navin Bapat, and Yoshi Kobayashi, "The Threat and Imposition of Sanctions: Updating the TIES dataset," *Conflict Management and Peace Science* 31, no.5 (2014): 541-558.

² Morgan, Bapat, and Kobayashi, "The Threat and Imposition of Sanctions."

³ Deniz Cil at the University of Maryland, Department of Government and Politics, has extended the TIES data through 2017.

research to include cases, through 2017, that do not involve a MID and standardized the presentation of the data.⁴

After Cil's data was expanded and standardized, I transformed the data from an Episode level to a Target-Year level of analysis by: (1) Deconstructing several variables such as Sanction Type, Issue, etc. where the TIES data listed multiple values in one value field; (2) Using interpolation techniques, I derived estimated sanction end-years for those observations missing relevant information and; (3) I transformed each variable from the original TIES dataset into my new Target-Year dataset.⁵

Some variables that were not useful for my purposes, or could not be aggregated in a logical manner, were dropped. However, most variables were retained, and new variables were derived from each one.⁶ For example, in the original TIES data, an identifying variable was 'caseid'. In my new dataset I have two variables: 'caseid list' and 'caseid_count'. The former lists all the caseid's of the sanction episodes experienced by a target state during a given year. The latter is the number of sanction episodes experienced by a target state in a given year. The expanded data set is available upon request.⁷

⁴ I updated and edited some of Cil's values and then conducted additional research to expand upon some of the missing data. I also updated and standardized the data so it could be more efficiently processed by statistical software.

⁵ Lee R. Stein provided an Excel macro to perform this transformation.

⁶ In many cases, multiple new variables were derived from each original variable.

⁷ For access to the extended data set please contact me at maeryn.g.stein@gmail.com

Appendix 3.2: Constructing the Loyalty Norm and Extending the *Logic of Political Survival* Data

My argument employs three independent variables: Sanction Type, Loyalty Norm, and Income Source. I was able to access measurements of Income Source easily through the Varieties of Democracy Dataset (VDEM), and I derived Sanction Type when constructing my target-state sanctions dataset.¹ However, as discussed in the text, data on Loyalty Norm is less accessible. Bueno de Mesquita *et al.* proposed a measurement framework and provided data assessing the size and strength of the Loyalty Norm.² However, the coverage of this dataset was inadequate. Therefore, I applied Bueno de Mesquita's coding system to newly available data to extend the existing dataset. A description of this process is provided below.

According to Bueno de Mesquita *et al.*³, the Loyalty Norm is derived using the following formula to avoid dividing by zero.

$$WoverS = \frac{W}{\log \frac{10 \times (S + 1)}{3}}$$

Deriving Data on the Winning Coalition Size (W)

The measurement of Winning Coalition is a composite index based on the variables REGTYPE⁴, taken from the Banks Data, and XRCOMP, XROPEN and PARCOMP from the Polity IV data. Winning Coalition is essentially constructed as an additive variable, increasing in value by one point for every indicator contingent on the variable's score.⁵ The variable is then divided by the

¹ See Appendix 3.1 for a description of how the target state data was constructed.

² Bueno de Mesquita *et al.*, *The Logic of Political Survival*, 151.

³ <http://www.nyu.edu/gsas/dept/politics/data/bdm2s2/Logic.htm> (accessed June 22, 2018).

⁴ Now called Polit02

⁵ Bueno de Mesquita *et al.*, *Logic of Political Survival*, 135.

maximum value of the variable (4) so that *WoverS* ranges between 0 and 1. The index is then normalized with a minimum value of 0 and a maximum of 4. The Table below describes its coding. It is notable that to reconstruct and extend the data, I had to compile data from the Bank's Cross-National Times-Series Data and the Polity IV dataset. At the time of writing the *Logic of Political Survival* the Banks data was limited, so alternative codings of W were necessary. However, the Banks data has been extended and the updated data were used. When the two datasets are compared, it is clear that the two distributions vary. However, both approximate a normal curve.⁶

Table A3.2.1: Index Variables and Coding Rules

Added Value for Winning Coalition	Index Variables, Coding Rules, and Description	
1 Point	REGTYPE ⁷ <ul style="list-style-type: none"> No Missing data Not equal to codes 2 or 3 	REGTYPE measures regime type. Regimes scoring a 2 or 3 indicate a military subtype, military subtypes typically have very small coalitions, so they are not credited this additional increment size through the indicator.
1 Point	XRCOMP <ul style="list-style-type: none"> No Missing data Scores equal to or larger than 2. 	XRCOMP evaluates competitiveness of elections. A score of 1 indicates that the chief executive was selected by hereditary mechanisms or ran in a rigged or unopposed election. This suggests a tighter, more close-knit coalition. Scores 2 and 3 indicate greater responsiveness to supporters which is indicative of a larger Winning Coalition.
1 Point	XROPEN <ul style="list-style-type: none"> No Missing data Scores greater than 2 	XROPEN evaluates the competitiveness of executive recruitment. A score of 1 or 2 indicates that executive recruitment is hereditary, which suggests a closed coalitional setting. Scores greater than 2 indicate more openness.
1 Point	PARCOMP <ul style="list-style-type: none"> No Missing data Scores a 5 	PARCOMP assesses the competitiveness of participation. A score of 5 indicates that there are “relatively stable and enduring political groups who regularly compete for political influence at the national level.” ⁸ This inclusion of this variable assumes that such participation and competition would not exist unless participants believed they could influence leaders, suggesting a broader coalition.

⁶ Bueno de Mesquita *et al.*, *Logic of Political Survival*, 239.

⁷ Now called Polit02.

⁸ Bueno de Mesquita *et al.* cited Polity II, see *Logic of Political Survival*, 18.

Deriving Data on the Selectorate Size, S

Bueno de Mesquita *et al.* base their measurement of Selectorate size on the LEGSELEC variable from the Banks Data. LEGSELEC evaluates the “breadth of selectiveness of members of each country’s legislature.” They rationalize their use of LEGSELEC to determine the size of the Selectorate by arguing⁹:

“The Selectorate theory is not focused on legislative selection per se, but the selection mechanism for the legislature seems to us a reasonable, albeit crude, indicator of the inclusiveness of the polity’s Selectorate. We believe it is evident that the larger the value of *LEGSELEC*, the more likely it is that S is large..... It should also be evident that in reality the size difference between a Selectorate with score zero and a Selectorate with a score of 0.5 is smaller than the size difference between a score of 0.5 and a score of 1. The current indicator of S can be thought of as a logarithmic scale of the magnitude of a polity’s Selectorate.”

The variable is measured on scale of a 0 to 2 where 0 indicates the absence of a legislature, 1 indicates a legislature chosen by hereditary means, ascription or by the executive, and a 2 indicates that members are directly or indirectly elected by popular vote.¹⁰ The variable is normalized by dividing it by its highest value so that the maximum value is 1.

⁹ Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 213.

¹⁰ Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 239.

Appendix 3.3: Control Variables, Variable Coding and Construction

Table A3.3.1: Descriptive Statistics for Control Variable: Full Universe of Cases							
Variable Information		Full Universe					
Variable	Range	N	Mean	Median	Min	Max	Standard Deviation
International Conflict	0 - 20	478.00	0.23	0.00	0.00	6.00	1.02
Transparency	0-100	466.00	29.65	30.00	7.00	61.00	12.97
Real GDP	Continuous	475.00	5125.64	3272.86	264.57	36910.74	5539.30
Economic Growth	Continuous	446.00	4.51	5.18	-64.05	57.82	7.80
Economic Openness	Continuous	439.00	-11.03	-10.40	-21.57	-0.87	4.11
Log Population	Continuous	495.00	17.02	16.94	13.49	21.05	1.56
Issue Salience	1, 2, 3	523.00	2.37	2.00	1.00	3.00	0.50

Table A3.3.2: Descriptive Statistics for Control Variable: Full Universe of Cases Divided by Sanction Type													
Variable Information		Sanctions are Targeted						Sanctions are Comprehensive					
Variable	Range	N	Mean	Median	Min	Max	Standard Deviation	N	Mean	Median	Min	Max	Standard Deviation
International Conflict	0 - 20	369	0.25	0.00	0.00	6.00	1.09	71	0.23	0	0.00	5.00	0.87
Transparency	0-100	361	29.07	29.00	10.00	59.00	12.50	67	30.88	32	7.00	61.00	16.39
Real GDP	Continuous	367	5447.57	3514.71	342.69	36910.74	5995.99	70	3300.33	2777.08	748.66	15491.50	2616.41
Economic Growth	Continuous	361	4.83	5.58	-30.15	34.86	6.61	61	3.45	4.28	-64.05	57.82	12.94
Economic Openness	Continuous	353	-11.26	-10.90	-21.57	-2.24	4.25	64	-9.31	-9.22	-15.84	-3.83	2.35
Log Population	Continuous	389	17.17	16.95	13.49	21.05	1.57	84	16.23	16.69	14.87	20.88	1.36
Issue Salience	1, 2, 3	391	2.29	2.00	1.00	3.00	0.48	92	2.80	3	2.00	3.00	0.40

Table A3.3.3: Coding and Variable Construction					
Variable	Data Source	Source Variable	Concept	Operationalization	Coding
International Conflict	Major Episodes of Political Violence (MEPV) Dataset	INTOT: Total International Conflict	Total summed magnitudes of all interstate MEPVs: Sum of International Violence (INTVIOL) and International War (INTWAR).	Each state receives a score indicating the magnitude of international violence and another score indicating the magnitude of international war the state was involved in. The scale for each variable ranges from 1 to 10 with higher values indicating more extreme levels of violence. A score of 0 indicates the state was not involved in any interstate war or violence. INTTOT then sums the scores a state received for INTWAR and INTVIOL into one variable.	Interval variable ranging from 0 to 20. Higher values indicate higher levels of conflict. A '0' indicates no conflict.
Transparency	Dataset for Information and Accountability Transparency, sourced via the QOG dataset ¹	diat_ati: Accountability Transparency	Williams distinguishes between two different types of transparency: transparency where the information provided is essentially a good in and of itself (information transparency) and transparency where the information provided is simply a means to exert a check on the government (accountability transparency). To this end, Williams generates two separate indexes to evaluate these distinct types of transparency. I utilize the second index, accountability transparency.	Williams combines three sub-indicators, each evaluating a different component of accountability transparency: the existence of a free and independent media, fiscal/budgetary transparency, and political constraints. Each of these sub-indices are also index variables. In total, sixteen sub-variables are combined.	Interval, scaled 0 to 100
Real GDP per Capita	Gleiditsch Expanded Trade Data	gle_rgdp: Real GDP per Capita	GDP is the sum of gross value added by all resident producers in the economy plus any product taxes minus subsidies. Estimate of Real Gross Domestic Product in constant (2005) USD prices divided by population	The PWT dataset is generally drawn on for assessments of GDP. However, approximately 25% of their observations are missing. Gleiditsch expands upon the PWT dataset by estimating the missing data based on reference countries. See Gleiditsch 2002 for a detailed explanation of methodology.	Numeric, Continuous

¹ Andrew Williams, "A global index of information transparency and accountability." *Journal of Comparative Economics* 43, issue 3 (August 2015): 804-824.

Table A3.3.3 continued: Coding and Variable Construction					
Variable	Data Source	Source Variable	Concept	Operationalization	Coding
Economic Growth	World Bank Indicator Dataset.	gdp_Growth: Growth	GDP is the sum of gross value added by all resident producers in the economy plus any product taxes minus subsidies. This variable measures the annual percent growth rate of GDP based on constant local currency;	The is the world bank estimate of annual percent growth in GDP.	Numeric, Continuous
Economic Dependence	PWT Data	PWT: Constant Imports, Constant Exports, GDP	Measure of economic dependence between states	Log (Exports-Imports)/GDP	Numeric, Continuous
Log Population	World Bank Indicator Dataset.	Population	Count of Population, Natural Log for smoothing effects	Count of Population, Natural Log for smoothing effects	Count of Population, Natural Log for smoothing effects
Issue Salience	Threat and Imposition of Economic Sanctions (TIES)	TIES: Issue	The purpose of this variable is to evaluate how important the issue under contention is to the target. Arguably some issues are going to be consistently more salient than others to targets. This variable codes how salient the issues over which sanctions were imposed. The variable is coded on a scale from 1 to 3, with a 1 indicating less salient issues and a 3 indicating more salient issues.	Ang and Pekson created a variable identifying the object of a greatest threat during a crisis. ² I used their guidelines to construct my measure of issue salience. To do this, I generated a variable with three values. A value of (1) indicates issues with limited salience, (2) indicates moderately salient issues, and (3) indicates highly salient issues. Using reconstructed issue variable that identified the primary issue within a given target-state year across the meta-episode (mode), I coded the following values. If the major issue identified dealt with environmental policies, the issue salience was coded as a 1 for the target. If the major issue involved military behavior, destabilization of the regime, territorial disputes, or strategic materials, the issue salience was coded as a 3 for the target. Everything else was coded as a 2.	Ordinal 1: Low Issue Salience 2: Moderate Issue Salience 3: High Issue Salience

² Adrian U-Jin Ang, and Dursun Peksen. "When do Economic Sanctions Work?" Asymmetric Perceptions, Issue Salience, and Outcomes." *Political Research Quarterly* 60, no. 1 (March 2007): 135-145.

Appendix 3.4: Interpretation of Random Effects Models

The panel structure of my data required me to use estimation techniques that accounted for both temporal and spatial variation. While there are a variety of techniques available, I decided to use the Random Effect Model (RE Model), which is relatively straight forward to implement and interpret.¹ The RE Model conceives of each entity in a panel as having a unique line. While the slope of that line will be identical for each entity, the intercepts of these lines will vary. The Random Effects Model conceptualizes those intercepts as having been randomly selected and (typically) normally distributed. The model treats the intercept as if it were part of the error term and therefore the model is specified so that there is an overall intercept, a set of explanatory variables, and a composite error. The general Random Effects Model is specified as:

$$y_{it} = \mu + \beta x_{it} + (u_i + \varepsilon_{it})$$

Where y_{it} is the dependent variable, μ is the general model intercept, βx_{it} are the independent variables and their coefficients, the u_i are the entity-specific random effects, and the ε_{it} are the residuals.

The most common alternative to Random Effects Model, the Fixed Effect Model (FE Model) is a popular approach to modeling panel data in political science research. However, several of my variables are structural in nature and likely to be either slow changing or time-invariant, such as the size of the Loyalty Norm or the state's Income Source. Therefore, Fixed Effects could soak up the variation of my time-invariant and slow-moving variables, producing

¹ The code for my quantitative models and robustness tests is available on request.

inefficient estimates of the coefficients and making the relationship between my independent and dependent variables appear weaker than they are.

The Random Effects Model offers several advantages: unlike common versions of the FE Model, the RE Model does not rely on the use of tens (or hundreds to thousands) of dummy variables,² significantly reducing the model's power and degrees of freedom. Moreover, either by using dummy variables or by demeaning, the FE Model wipes out much of the variation in which I am most interested. By interpreting the intercepts as random, the RE model effectively integrates them into the error term and allow them to be transformed away through the Estimated Generalized Least Squares (EGLS) calculation.³ Third, the Random Effect Model can be employed when working with unbalanced panels.

However, the Random Effects Model does present several drawbacks. It rests on the assumption that the model does not commit any sort of omitted variable bias. Unless the model is correctly specified, as the X values increase so too do their intercept. However, given the complexity of panel data and the RE Model's integration of the intercept value into the error term, correlation between the x_{it} and the composite error term is common. Violations of this assumption can lead to biased estimates. Random Effects Estimators are also biased when the model includes a lagged dependent variable.

² Here I am referring to the Least Squared Dummy Variable (LSDV) version of the Fixed Effects Model.

³ Peter Kennedy, *A Guide to Econometrics*, 6th ed. Malden, MA: Blackwell Publishing, 2011.

Appendix 4.1 Descriptive Statistics of Variables

Table A4.1.1: Variable Descriptive Stats, All Sanctions

ALL SANCTIONS															
VARIABLE	RANGE	N	PANEL COUNT	Average T/ PANEL	MEAN	MEDIAN	STANDARD DEVIATION			MIN			MAX		
							O	B	W	O	B	W	O	B	W
DEPENDENT VARIABLES															
Systemic Repression	-1 - 0	523	56	9.34	-.42	-.44	.26	.24	.09	-.94	-.87	-.91	-.01	-.01	-.08
Patronage	0 - 1	523	56	9.34	.75	.8	.19	.19	.06	.16	.17	.44	.97	.97	.98
Public Goods	0 - 1	523	56	9.34	.54	.54	.25	.23	.05	.03	.04	.37	.95	.94	.88
INDEPENDENT VARIABLES															
Loyalty Norm	-1 - 0	517	56	9.23	-.19	-.25	.13	.13	.06	-.05	-.05	-.43	0	0	.06
Income Source	-5 - 5	504	55	9.16	-.49	-.59	1.32	1.16	.39	-3.98	-3.90	-2.05	2.25	2.18	1.72
Sanction Type	1, 0	446	51	8.75	4.51	5.18	7.80	4.61	6.90	-64.05	-14.23	-67.69	57.82	10.81	54.18
CONTROL VARIABLES															
International Conflict	0 - 20	478	55	8.69	0.23	0	1.02	0.76	0.81	0.00	0.00	-2.14	6.00	5.00	5.19
Transparency	Continuous	466	56	8.32	29.65	30.00	12.97	11.76	5.81	7.00	9.44	7.21	61.00	59.00	50.15
Real GDP	Continuous	475	56	8.48	5125.64	3272.86	5539.30	4596.64	1490.50	264.57	287.55	1135.07	36910.74	25466.54	16569.83
Economic Growth	Continuous	446	51	8.75	4.51	5.18	7.80	4.61	6.90	-64.05	-14.23	-67.69	57.82	10.81	54.18
Economic Openness	Continuous	439	50	8.78	-11.03	-10.40	4.11	3.68	0.73	4.11	3.68	0.73	-0.87	-1.98	-7.88
Log Population	Continuous	495	54	9.17	17.02	16.94	1.56	1.36	0.10	13.49	13.57	16.66	21.05	20.93	17.32
Issue Salience	Interval	523	56	9.34	2.37	2.00	0.50	0.44	0.25	1.00	1.70	1.45	3.00	3.00	3.31

*O: Overall, B: Between, W: Within

Table A4.1.2: Variable Descriptive Stats, Comprehensive Sanctions

COMPREHENSIVE SANCTIONS															
VARIABLE	RANGE	N	PANEL COUNT	Average T/ PANEL	MEAN	MEDIAN	STANDARD DEVIATION			MIN			MAX		
							O	B	W	O	B	W	O	B	W
DEPENDENT VARIABLES															
Systemic Repression	-1 - 0	92	15	6.13	-0.43	-0.43	0.31	0.30	0.04	-0.94	-0.94	-0.70	-0.01	-0.01	-0.36
Patronage	0 - 1	92	15	6.13	0.78	0.80	0.15	0.19	0.06	0.21	0.21	0.44	0.97	0.97	0.99
Public Goods	0 - 1	92	15	6.13	0.55	0.56	0.28	0.28	0.04	0.03	0.04	0.47	0.90	0.90	0.64
INDEPENDENT VARIABLES															
Loyalty Norm	-1 - 0	89	15	5.93	-0.12	0.00	0.13	0.13	0.03	-0.50	-0.26	-0.36	0.00	0.00	-0.11
Income Source	-5 - 5	86	14	6.14	-0.56	-0.59	1.95	1.40	0.36	-3.98	-3.85	-2.12	2.25	1.73	-0.04
Sanction Type	1, 0	92	15	6.13	1.00	1.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
CONTROL VARIABLES															
International Conflict	0 - 20	71	15	4.73	0.23	0.00	0.87	1.29	0.17	0.00	0.00	-0.44	5.00	5.00	0.56
Transparency	Continuous	67	15	4.47	30.88	32.00	16.39	16.42	5.13	7.00	7.89	18.88	61.00	55.50	43.88
Real GDP	Continuous	70	15	4.67	3300.33	2777.08	2616.41	3695.62	666.27	748.66	772.54	1600.44	15491.50	15195.02	5033.42
Economic Growth	Continuous	61	9	6.78	3.45	4.28	12.94	5.43	12.24	-64.05	-6.72	-57.48	57.82	9.14	64.39
Economic Openness	Continuous	64	11	5.82	-9.31	-9.31	2.35	3.33	0.39	-15.84	-15.69	-9.97	-3.83	-3.96	-8.37
Log Population	Continuous	84	13	6.46	16.23	16.69	1.36	1.57	0.04	14.87	14.91	16.12	20.88	20.86	16.34
Issue Salience	Interval	92	15	6.13	2.80	3.00	0.40	0.50	0.10	3.00	3.00	2.97	3.00	3.00	2.97

*O: Overall, B: Between, W: Within

Table A4.1.3: Variable Descriptive Stats, Targeted Sanctions

TARGETED SANCTIONS															
VARIABLE	RANGE	N	PANEL COUNT	Average T/ PANEL	MEAN	MEDIAN	STANDARD DEVIATION			MIN			MAX		
							O	B	W	O	B	W	O	B	W
DEPENDENT VARIABLES															
Systemic Repression	-1 - 0	391	49	7.98	-0.42	-0.45	0.26	0.26	0.07	-0.90	-0.90	-1.06	-0.01	-0.01	-0.26
Patronage	0 - 1	391	49	7.98	0.73	0.78	0.20	0.21	0.05	0.16	0.17	0.47	0.97	0.97	0.96
Public Goods	0 - 1	391	49	7.98	0.53	0.54	0.24	0.24	0.04	0.04	0.05	0.23	0.95	0.94	0.87
INDEPENDENT VARIABLES															
Loyalty Norm	-1 - 0	388	49	7.92	-0.21	-0.25	0.12	0.13	0.06	-0.50	-0.50	-0.45	0.00	0.00	0.05
Income Source	-5 - 5	388	38	8.08	-0.52	-0.65	1.16	1.18	0.32	-3.98	-3.98	-1.52	2.18	2.18	2.34
Sanction Type	1, 0	391	49	7.98	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTROL VARIABLES															
International Conflict	0 - 20	369	47	7.85	0.25	0.00	1.09	0.80	0.90	0.00	0.00	-1.81	6.00	5.00	5.21
Transparency	Continuou s	361	48	7.52	29.07	29.00	12.50	11.52	5.20	10.00	11.00	8.14	59.00	54.00	49.37
Real GDP	Continuou s	367	48	7.65	5447.57	3514.71	5995.99	4761.25	1578.95	342.69	461.61	1457.00	36910.74	25466.54	16891.77
Economic Growth	Continuou s	361	46	7.85	4.83	5.58	6.61	5.03	5.44	-30.15	-14.23	-17.50	34.86	12.05	30.21
Economic Openness	Continuou s	353	43	8.21	-11.26	-10.90	4.25	3.69	0.79	-21.57	-18.52	-17.17	-2.24	-2.51	-8.11
Log Population	Continuou s	389	48	8.10	17.17	16.95	1.57	1.36	0.10	13.49	13.57	16.81	21.05	20.94	17.47
Issue Salience	Interval	391	49	7.98	2.29	2	0.48	0.44	0.24	1.00	1.70	1.41	3.00	3.00	3.23

*O: Overall, B: Between, W: Within

Appendix 4.2 Variable Descriptions

Table A4.2.1: Variable Descriptions: Independent and Dependent Variables

Variable	Data Source	Source Variable	Concept/Operationalization	Coding
Systemic Repression	Varieties of Democracy Institute (VDEM)	v2x_clpol: Political Civil Liberties Index & v2x_clpriv: Private civil Liberties Index	Evaluates the degree of Systemic Repression in the state by measuring respect for civil liberties. See Chapter Three for details.	Interval: -1 - 0 -1 = low Systemic Repression 0 = high Systemic Repression
Patronage	Varieties of Democracy Institute (VDEM)	v2x_neopatDVPA: Neopatrimonial Rule Index	Evaluates the degree of Patronage in the state by measuring the extent of Neopatrimonial Rule. See Chapter Three for details.	Interval: 0 - 1 0 = low Patronage 1 = high Patronage
Public Goods	Varieties of Democracy Institute (VDEM)	v2xeg_eqdr Distribution of Resources Index	Evaluates the degree of Public Goods usage in the state by measuring how evenly resources are distributed. See Chapter Three for details.	Interval: 0 - 1 0 = low Public Goods 1 = high Public Goods
Loyalty Norm	Bank's Cross National Time Series Data (CNTS) ¹ , Center for Systemic Peace: Polity IV Dataset ² (Polity IV)	From CNTS, REGTYPE: Regime Type From Polity IV: XRCOMP: Executive Competition XROPEN: Executive Openness PARCOMP Participation	Evaluates strength of Loyalty Norm. See Chapter Three for details.	Interval: -1 – 0 -1 = Weak Loyalty Norm 0 = Strong Loyalty Norm
Income Source	Varieties of Democracy Institute (VDEM)	v2clstown: State Ownership of Economy	Evaluates degree of government ownership of/intervention in the economy. See Chapter Three for details.	Interval: -5 - 5 -5 - < 0 = high unearned income ~0 = mixed income 0 – 5 = high earned income
Sanction Type	Threat and Imposition of Economic Sanctions	Sanction type: Sanction Type	Measures Sanction Type. See Chapter Three for details.	Binary: 1=Comprehensive Sanctions 0=Targeted Sanctions

¹ Arthur S. Banks and Kenneth A. Wilson, "Cross-National Time-Series Data Archive 2022," Databanks International. Jerusalem, Israel.

² Monty G. Marshall, Director and Principal Investigator, "Polity IV Individual Country Regime Trends, 1946-2013," *Polity IV Project: Political Regime Characteristics and Transitions, 1800-2013*.

Table A4.2.1 continued: Variable Descriptions: Independent and Dependent Variables

Variable	Data Source	Source Variable	Concept/Operationalization	Coding
MEPV: International Conflict	Major Episodes of Political Violence (MEPV) Dataset	INTOT: Total International Conflict	Assesses degree of International Conflict	Interval variable ranging from 0 to 20. Higher values indicate higher levels of conflict. A '0' indicates no conflict.
Transparency	Dataset for Information and Accountability Transparency, sourced via the QOG dataset ³	diat_ati: Accountability Transparency	Assesses degree of transparency. See Chapter Three for details.	Interval, scaled 0 to 100
Real GDP per Capita	Gleiditsch Expanded Trade Data	gle_rgdp: Real GDP per Capita	Evaluates Real GDP. See Chapter Three for details.	Numeric, Continuous
Economic Growth	World Bank Indicator Data.	gdp_Growth: Growth	GDP is the sum of gross value added by all resident producers in the economy plus any product taxes minus subsidies. This variable measures the annual percent growth rate of GDP based on constant local currency; based on 2010 US dollars. See Chapter Three for details	Numeric, Continuous
Economic Dependence	PWT Data	PWT: Constant Imports, Constant Exports, GDP	Measure of economic dependence between states. See Chapter Three for detail.	Numeric, Continuous
Log Population	World Bank Indicator Data.	Population	Count of Population, Natural Log for smoothing effects See Chapter Three for Details	Count of Population, Natural Log for smoothing effects
Issue Salience	Threat and Imposition of Economic Sanctions (TIES)	TIES: Issue	The purpose of this variable is to evaluate how important the issue under contention is to the target. Arguably some issues are going to be consistently more salient than others to targets. This variable codes how salient the issues over which sanctions were imposed. The variable is coded on a 1 to 3 scale with a 1 indicating less salient issues and a 3 indicating more salient issues. See Chapter Three for Details	Ordinal 1: Low Issue Salience 2: Moderate Issue Salience 3: High Issue Salience

³ Andrew Williams, "A global index of information transparency and accountability."

Appendix 4.3 Robustness Tests

Table A4.3.1: Robustness Test Summary

	Hypothesis One								Hypothesis Two							
	Strong Loyalty Norm				Weak Loyalty Norm				Earned Income				Unearned Income			
	Comprehensive Sanctions		Targeted Sanctions		Comprehensive Sanctions		Targeted Sanctions		Comprehensive Sanctions		Targeted Sanctions		Comprehensive Sanctions		Targeted Sanctions	
	A		B		C		D		A		B		C		D	
	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p
Original Models	0.82***	0.00	- 0.06	0.29	0.38*	0.09	0.06	0.54	0.11*	0.09	- 0.02	0.17	0.09***	0.00	- 0.07***	0.01
Substitute State Fiscal Source of Revenue for Income Source	0.82***	0.00	-0.06	0.29	0.38*	0.09	0.06	0.54	0.44***	0.00	-0.04***	0.00	-0.01	0.82	-0.05**	0.05
Control for State Structure	0.79***	0.01	-0.06	0.30	0.31*	0.09	0.06	0.51	0.13***	0.00	-0.02	0.17	0.08***	0.00	-0.07***	0.01
Control for Policy Choice, Lead	-0.28	0.25	-0.09	0.12	0.64***	0.00	0.06	0.33	0.18***	0.01	-0.04**	0.01	0.12***	0.00	-0.04*	0.18
Control for Policy Choice	-0.06	0.73	-0.12*	0.07	0.7***	0.00	-0.05	0.54	0.18**	0.02	-0.04***	0.01	0.12***	0.00	-0.04	0.08
Substitute Dependent Variables	Freedom of Expression				Reconstructed Measure of Neopatrimonialism (Corruption + Clientalism)/2				Female Secondary Education Enrollment				Reconstructed Measure of Neopatrimonialism (Corruption + Clientalism)/2			
	0.41	0.15	0.02	0.91	0.45*	0.08	-0.04	0.62	0.23***	0.00	0.08***	0.00	0.00	0.95	-0.01	0.52

Table A4.3.2: Empirical Evaluation of Hypothesis One: A & B, Models One & Two, “Lagged” Dependent Variable¹

VARIABLES	Hypothesis One: A & B			
	Systemic Repression Lagged Dependent Variable VDEM Civil Liberties: Private and Political Liberties Index (N+1)			
	Hypothesis One: A Model One ²		Hypothesis One: B Model Two ³	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.26	0.17	-0.06	0.02
Systemic Repression: Civil Liberties, Private & Political Liberties Index (N)	0.63	0.00	0.97	0.00
International Conflict	0.03	0.18	0.00	0.21
Transparency	0.00	0.3a3	0.00	0.05
Real GDP	0.00	0.38	0.00	0.15
Economic Growth	0.00	0.59	0.00	0.49
Economic Dependence	0.01	0.61	0.00	0.43
Log Population	0.04	0.04	0.00	0.11
Issue Saliency	0.05	0.42	0.01	0.20
Constant	-0.81	0.06	-0.06	0.04
Observations	47.00		325	
Number of Target States	9		43	
R ²	0.94		0.98	
F- Test (Model)	0.00		.03	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

¹ Because my dependent variable is measured as a Lead Variable, to assess the effect of a lagged lead dependent variable, I just included the variable with no time adjustment.

² Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

³ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

Table A4.3.3: Empirical Evaluation of Hypothesis One: C & D, Models Three & Four⁴

VARIABLES	Hypothesis One: C & D			
	Patronage Lagged Dependent Variable VDEM Neopatrimonialism Index (N+1)			
	Hypothesis One: C Model Three ⁵		Hypothesis One: D Model Four ⁶	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	-0.04	0.60	-0.04	0.11
Patronage: Neopatrimonialism Index (N)	0.77	0.00	0.97	0.00
International Conflict	-0.02	0.01	0.00	0.34
Transparency	0.00	0.00	0.00	0.05
Real GDP	0.00	0.08	0.00	0.08
Economic Growth	0.00	0.97	0.00	0.61
Economic Dependence	-0.01	0.42	0.00	0.25
Log Population	0.00	0.88	0.00	0.96
Issue Salience	0.04	0.25	0.00	0.60
Constant	0.09	0.57	0.04	0.06
Observations (N)	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.94		0.97	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁴ Because my dependent variable is measured as a Lead Variable, to assess the effect of a lagged lead dependent variable, I just included the variable with no time adjustment.

⁵ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁶ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

Table A4.3.4: Empirical Evaluation of Hypothesis Two: A & B, Models Five & Six⁷

VARIABLES	Hypothesis Two: A			
	Public Goods Lagged Dependent Variable VDEM Distribution of Resources Index (N+1)			
	Hypothesis Two: A Model Five ⁸		Hypothesis Two: B Model Six ⁹	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	-0.01	0.07	0.00	0.69
Public Goods: Distribution of Resource (N)	0.95	0.00	0.99	0.00
International Conflict	-0.02	0.00	0.00	0.60
Transparency	0.00	0.01	0.00	0.84
Real GDP	0.00	0.00	0.00	0.79
Economic Growth	0.00	0.58	0.00	0.27
Economic Dependence	-0.01	0.00	0.00	0.39
Log Population	-0.01	0.00	0.00	0.81
Issue Salience	-0.02	0.20	0.00	0.26
Constant	0.24	0.01	0.01	0.58
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.99		0.99	
F-Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁷ Because my dependent variable is measured as a Lead Variable, to assess the effect of a lagged lead dependent variable, I just included the variable with no time adjustment.

⁸ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors.

Table A4.3.5: Empirical Evaluation of Hypothesis Two: C & D, Models Seven & Eight¹⁰

VARIABLES	Hypothesis Two: C & D			
	Patronage Lagged Dependent Variable VDEM Neopatrimonialism Index (N+1)			
	Hypothesis Two: C Model Seven ¹¹		Hypothesis Two: D Model Eight ¹²	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.04	0.01	0.00	0.79
Patronage: Neopatrimonialism Index (N)	0.57	0.00	0.97	0.00
International Conflict	0.01	0.55	0.00	0.25
Transparency	0.00	0.00	0.00	0.08
Real GDP	0.00	0.73	0.00	0.17
Economic Growth	0.00	0.92	0.00	0.51
Economic Dependence	0.00	0.63	0.00	0.26
Log Population	0.02	0.07	0.00	0.92
Issue Salience	0.04	0.12	-0.01	0.24
Constant	0.01	0.97	0.06	0.01
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.96		0.96	
F-Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

¹⁰ Because my dependent variable is measured as a Lead Variable, to assess the effect of a lagged lead dependent variable, I just included the variable with no time adjustment.

¹¹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

¹² Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

Table A4.3.6: Empirical Evaluation of Hypothesis One: A & B, Models One & Two¹³

VARIABLES	Hypothesis One: A & B			
	Systemic Repression			
	Different Measure of Income Source: State Fiscal Source of Revenue VDEM Civil Liberties: Private and Political Liberties Index (N+1)			
	Hypothesis One: A Model One ¹⁴		Hypothesis One: B Model Two ¹⁵	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.82	0.00	-0.06	0.29
International Conflict	0.08	0.01	0.01	0.03
Transparency	0.00	0.16	0.00	0.00
Real GDP	0.00	0.17	0.00	0.32
Economic Growth	0.00	0.05	0.00	0.07
Economic Dependence	0.00	0.98	0.00	0.29
Log Population	0.09	0.00	-0.20	0.00
Issue Salience	0.04	0.67	0.01	0.05
Constant	-1.77	0.01	2.98	0.00
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.90		0.37	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

¹³ In my original models income source was proxied using VDEM's measurement for State Ownership of the Economy. Here, I measure income source using VDEM's measurement 'State Fiscal Revenue Source'.

¹⁴ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

¹⁵ Fixed Effects Model with Driscoll and Kraay Robust Standard Errors.

Table A4.3.7: Empirical Evaluation of Hypothesis One: C & D, Models Three & Four¹⁶

VARIABLES	Hypothesis One: C & D			
	Patronage Different Measure of Income Source: State Fiscal Source of Revenue VDEM Neopatrimonialism Index (N+1)			
	Hypothesis One: C Model Three ¹⁷		Hypothesis One: D Model Four ¹⁸	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.38	0.09	0.06	0.54
International Conflict	-0.06	0.00	0.00	0.89
Transparency	0.00	0.06	0.00	0.07
Real GDP	0.00	0.30	0.00	0.05
Economic Growth	0.00	0.46	0.00	0.02
Economic Dependence	-0.05	0.00	0.00	0.28
Log Population	-0.01	0.51	-0.05	0.17
Issue Salience	0.05	0.43	0.00	0.68
Constant	0.52	0.23	1.50	0.01
Observations (N)/Observations per Targetstate	47.00		325	
Number of Target States	9.00		43	
R ²	0.79		Within: .14, Between: .03, Overall: .06	
F- Test (Model)/Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

¹⁶ In my original models income source was proxied using VDEM's measurement for State Ownership of the Economy. Here, I measure income source using VDEM's measurement 'State Fiscal Revenue Source'.

¹⁷ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

¹⁸ Random Effects Model with Robust Standard Errors.

Table A4.3.8: Empirical Evaluation of Hypothesis Two: A & B, Models Five & Six¹⁹

VARIABLES	Hypothesis Two: A and B			
	Public Goods Different Measure of Income Source: State Fiscal Source of Revenue VDEM Distribution of Resources Index (N+1)			
	Hypothesis Two: A Model Five ²⁰		Hypothesis Two: B Model Six ²¹	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.44	0.00	-0.04	0.00
International Conflict	0.03	0.19	0.01	0.22
Transparency	0.00	0.65	0.00	0.23
Real GDP	0.00	0.03	0.00	0.01
Economic Growth	0.00	0.18	0.00	0.00
Economic Dependence	0.02	0.26	0.01	0.03
Log Population	-0.07	0.01	-0.01	0.69
Issue Salience	-0.26	0.01	-0.02	0.04
Constant	1.80	0.00	0.86	0.04
Observations (N)	47.00		311.00	
Number of Target States	9.00		43.00	
R ²	0.92		Within: .31, Between: .14, Overall: .27	
F- Test (Model)/Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

¹⁹ In my original models income source was proxied using VDEM's measurement for State Ownership of the Economy. Here, I measure income source using VDEM's measurement 'State Fiscal Revenue Source'.

²⁰ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

²¹ Random Effects Model with Robust Standard Errors.

Table A4.3.9: Empirical Evaluation of Hypothesis Two: C & D, Models Seven & Eight²²

VARIABLES	Hypothesis Two: C & D			
	Patronage Different Measure of Income Source: State Fiscal Source of Revenue VDEM Neopatrimonialism Index (N+1)			
	Hypothesis Two: C Model Seven ²³		Hypothesis Two: D Model Eight ²⁴	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	-0.01	0.82	-0.05	0.05
International Conflict	-0.07	0.00	0.00	0.77
Transparency	-0.01	0.00	0.00	0.04
Real GDP	0.00	0.09	0.00	0.05
Economic Growth	0.00	0.82	0.00	0.03
Economic Dependence	-0.04	0.00	0.00	0.27
Log Population	-0.03	0.01	-0.03	0.32
Issue Salience	1.00	0.00	0.02	0.18
Constant	-0.01	0.82	1.34	0.02
Observations (N)	47.00		311.00	
Number of Target States	9.00		43.00	
R ²	0.00		Within: .14, Between: .08, Overall: .13	
F- Test (Model)/Chi2 Test	0.71		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

²² In my original models income source was proxied using VDEM's measurement for State Ownership of the Economy. Here, I measure income source using VDEM's measurement 'State Fiscal Revenue Source'.

²³ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

²⁴ Random Effects Model with Robust Standard Errors.

Table A4.3.10: Empirical Evaluation of Hypothesis One: A & B, Models One & Two²⁵

VARIABLES	Hypothesis One: A & B			
	Systemic Repression			
	Control for State Structure			
	VDEM Civil Liberties: Private and Political Liberties Index (N+1)			
	Hypothesis One: A Model One ²⁶		Hypothesis One: B Model Two ²⁷	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.79	0.01	-0.06	0.30
Economic Structure: Income Source, State Ownership of Economy	0.03	0.24	-0.03	0.03
International Conflict	0.11	0.01	0.01	0.03
Transparency	0.00	0.14	0.00	0.00
Real GDP	0.00	0.11	0.00	0.29
Economic Growth	0.00	0.04	0.00	0.08
Economic Dependence	0.01	0.63	0.00	0.22
Log Population	0.10	0.00	-0.17	0.00
Issue Salience	0.03	0.73	0.02	0.04
Constant	-1.91	0.01	2.38	0.00
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.90		0.38	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

²⁵ Examining the impact of Loyalty Norm when controlling for Income Source.

²⁶ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

²⁷ Fixed Effects Model with Driscoll and Kraay Robust Standard Errors.

Table A4.3.11: Empirical Evaluation of Hypothesis One: C & D, Models Three & Four²⁸

VARIABLES	Hypothesis One: C & D			
	Patronage Control for State Structure VDEM Neopatrimonialism Index (N+1)			
	Hypothesis One: C Model Three ²⁹		Hypothesis One: D Model Four ³⁰	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.31	0.09	0.06	0.51
Economic Structure: Income Source, State Ownership of Economy	0.08	0.01	-0.07	0.01
International Conflict	0.01	0.01	0.00	0.73
Transparency	0.00	0.00	0.00	0.39
Real GDP	0.00	0.00	0.00	0.08
Economic Growth	0.00	0.00	0.00	0.02
Economic Dependence	-0.02	0.01	0.00	0.24
Log Population	0.03	0.02	-0.02	0.37
Issue Salience	0.03	0.03	0.02	0.28
Constant	0.18	0.26	1.04	.01
Observations (N)	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.91		Within: .20, Between: .28, Overall: .28	
F- Test (Model)/Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

²⁸ Examining the impact of Loyalty Norm when controlling for Income Source.

²⁹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

³⁰ Random Effects Model with Robust Standard Errors.

Table A4.3.12: Empirical Evaluation of Hypothesis Two: A & B, Models Five & Six³¹

VARIABLES	Hypothesis Two: A and B			
	Public Goods Control for State Structure VDEM Distribution of Resources Index (N+1)			
	Hypothesis Two: A Model Five ³²		Hypothesis Two: B Model Six ³³	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.13	0.00	-0.02	0.17
Political Structure: Loyalty Norm	-1.68	0.00	-0.08	0.15
International Conflict	0.05	0.21	0.01	0.26
Transparency	0.00	0.47	0.00	0.08
Real GDP	0.00	0.02	0.00	0.01
Economic Growth	0.00	0.38	0.00	0.01
Economic Dependence	0.08	0.04	0.01	0.02
Log Population	0.00	0.99	-0.02	0.54
Issue Saliency	-0.11	0.30	-0.03	0.02
Constant	1.27	0.16	0.91	0.06
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.90		Within: .30, Between: .24, Overall: .36	
F- Test (Model)/Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

³¹ Examining the Effect of Income Source when Controlling for Loyalty Norm

³² Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

³³ Random Effects Model with Robust Standard Errors.

Table A4.3.13: Empirical Evaluation of Hypothesis Two: C & D, Models Seven & Eight³⁴

VARIABLES	Hypothesis Two: C & D			
	Patronage Control for State Structure VDEM Neopatrimonialism Index (N+1)			
	Hypothesis Two: C Model Seven ³⁵		Hypothesis Two: D Model Eight ³⁶	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.08	0.00	-0.07	0.01
Political Structure: Loyalty Norm	0.31	0.01	0.06	0.51
International Conflict	0.01	0.60	0.00	0.73
Transparency	0.00	0.01	0.00	0.39
Real GDP	0.00	0.10	0.00	0.08
Economic Growth	0.00	0.32	0.00	0.02
Economic Dependence	-0.02	0.13	0.00	0.24
Log Population	0.03	0.09	-0.02	0.37
Issue Salience	0.03	0.33	0.02	0.28
Constant	0.18	0.51	1.04	0.01
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.91		Within: .20, Between: .28, Overall: .28	
F-Test/ Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

³⁴ Examining the Effect of Income Source when Controlling for Loyalty Norm.

³⁵ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

³⁶ Random Effects Model with Robust Standard Errors.

Table A4.3.14: Empirical Evaluation of Hypothesis One: A & B, Models One & Two³⁷

VARIABLES	Hypothesis One: A & B			
	Systemic Repression Control for Other Policy Choices VDEM Civil Liberties: Private and Political Liberties Index (N+1)			
	Hypothesis One: A Model One ³⁸		Hypothesis One: B Model Two ³⁹	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	-0.28	0.25	-0.09	0.12
Patronage: Neopatrimonialism Index (N+1)	0.39	0.01	0.39	0.00
Public Goods: Distribution of Resource (N+1)	-0.56	0.00	-0.11	0.35
Targeted Repression: Civil Liberties, Physical Repression (N+1)	-7.52	0.00	0.88	0.00
International Conflict	0.17	0.00	0.01	0.00
Transparency	0.00	0.06	0.00	0.00
Real GDP	0.00	0.64	0.00	0.78
Economic Growth	0.00	0.66	0.00	0.42
Economic Dependence	0.05	0.00	0.00	0.19
Log Population	0.05	0.03	-0.09	0.01
Issue Saliency	-0.07	0.31	0.01	0.33
Constant	3.65	0.02	0.33	0.61
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.95		0.60	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

³⁷ Controlling for Patronage, Public Goods and Targeted Repression, where each variable is measured at N+ 1.

³⁸ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors.

³⁹ Fixed Effects Model with Driscoll and Kraay Robust Standard Errors.

Table A4.3.15: Empirical Evaluation of Hypothesis One: C & D, Models Three & Four⁴⁰

VARIABLES	Hypothesis One: C & D			
	Patronage Control for Other Policy Choices VDEM Neopatrimonialism Index (N+1)			
	Hypothesis One: C Model Three ⁴¹		Hypothesis One: D Model Four ⁴²	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.64	0.00	0.06	0.33
Systemic Repression: Civil Liberties, Private & Political Liberties Index (N+1)	0.28	0.01	0.60	0.00
Public Goods: Distribution of Resource (N+1)	0.30	0.03	-0.26	0.19
Targeted Repression: Civil Liberties, Physical Repression (N+1)	2.54	0.11	0.47	0.36
International Conflict	-0.10	0.01	-0.01	0.32
Transparency	0.00	0.20	0.00	0.50
Real GDP	0.00	0.81	0.00	0.83
Economic Growth	0.00	0.27	0.00	0.03
Economic Dependence	-0.06	0.00	0.00	0.26
Log Population	-0.02	0.35	-0.01	0.68
Issue Salience	0.07	0.20	-0.01	0.39
Constant	-1.07	0.31	1.13	0.11
Observations (N)	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.82		Within: .48, Between: .33, Overall: .35	
F- Test (Model) /Chi2 Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁴⁰ Controlling for Systemic Repression, Public Goods, and Targeted Repression, where each variable is measured at N+1.

⁴¹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁴² Random Effects Model with Robust Standard Errors.

Table A4.3.16: Empirical Evaluation of Hypothesis Two: A & B, Models Five & Six⁴³

VARIABLES	Hypothesis Two: A and B			
	Public Goods Control for Other Policy Choices VDEM Distribution of Resources Index (N+1)			
	Hypothesis Two: A Model Five ⁴⁴		Hypothesis Two: B Model Six ⁴⁵	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.18	0.02	-0.04	0.01
Systemic Repression: Civil Liberties, Private & Political Liberties Index (N+1)	-0.95	0.00	-0.07	0.60
Patronage: Neopatrimonialism Index (N+1)	-0.91	0.15	-0.24	0.05
Targeted Repression: Civil Liberties, Physical Repression (N+1)	-5.26	0.06	0.26	0.51
International Conflict	0.15	0.00	0.01	0.21
Transparency	-0.01	0.02	0.00	0.07
Real GDP	0.00	0.71	0.00	0.02
Economic Growth	0.00	0.42	0.00	0.54
Economic Dependence	0.02	0.08	0.01	0.02
Log Population	0.07	0.06	-0.02	0.45
Issue Salience	-0.18	0.04	-0.02	0.03
Constant	3.56	0.06	0.94	0.07
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.92		Within: .39, Between: .26, Overall: .39	
F-Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁴³ Controlling for Systemic Repression, Patronage and Targeted Repression, where each variable is measured at N+1.

⁴⁴ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁴⁵ Random Effects Model with Robust Standard Errors.

Table A4.3.17: Empirical Evaluation of Hypothesis Two: C & D, Models Seven & Eight⁴⁶

VARIABLES	Hypothesis Two: C & D			
	Patronage Control for Other Policy Choices VDEM Neopatrimonialism Index (N+1)			
	Hypothesis Two: C Model Seven ⁴⁷ Sanctions are Comprehensive		Hypothesis Two: D Model Eight ⁴⁸ Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.12	0.00	-0.04	0.18
Systemic Repression: Civil Liberties, Private & Political Liberties Index (N+1)	0.02	0.70	0.54	0.00
Public Goods: Distribution of Resource (N+1)	-0.13	0.07	-0.31	0.12
Targeted Repression: Civil Liberties, Physical Repression (N+1)	2.30	0.03	0.36	0.53
International Conflict	0.01	0.74	0.00	0.43
Transparency	0.00	0.02	0.00	0.78
Real GDP	0.00	0.22	0.00	0.74
Economic Growth	0.00	0.23	0.00	0.06
Economic Dependence	0.00	0.72	0.00	0.28
Log Population	0.04	0.00	-0.01	0.77
Issue Saliency	0.04	0.18	0.00	0.99
Constant	-1.17	0.07	1.07	0.07
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.93		Within: .49, Between: .37, Overall: .38	
F-Test	0.03		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁴⁶ Controlling for Systemic Repression, Public Goods, and Targeted Repression, where each variable is measured at N+1.

⁴⁷ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors.

⁴⁸ Random Effects Model with Robust Standard Errors.

Table A4.3.18: Empirical Evaluation of Hypothesis One: A & B, Models One & Two⁴⁹

VARIABLES	Hypothesis One: A & B			
	Systemic Repression VDEM Civil Liberties: Private and Political Liberties Index (N+1)			
	Hypothesis One: A Model One ⁵⁰		Hypothesis One: B Model Two ⁵¹	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	-0.06	0.73	-0.12	0.07
Patronage: Neopatrimonialism Index (N)	0.54	0.03	0.01	0.00
Public Goods: Distribution of Resources (N)	-0.35	0.01	0.15	0.01
Targeted Repression: Civil Liberties, Physical Repression (N)	-6.17	0.00	-0.25	0.01
International Conflict	0.16	0.00	0.98	0.00
Transparency	0.00	0.03	0.00	0.00
Real GDP	0.00	1.00	0.00	0.46
Economic Growth	0.00	0.24	0.00	0.36
Economic Dependence	0.05	0.01	0.00	0.27
Log Population	0.07	0.01	-0.16	0.00
Issue Salience	-0.04	0.57	0.01	0.52
Constant	2.42	0.01	1.66	0.01
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.94		0.47	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁴⁹ Controlling for Patronage, Public Goods and Targeted, Repression, where each variable is measured at N.

⁵⁰ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁵¹ Fixed Effects Model with Driscoll and Kraay Robust Standard Errors.

Table A4.3.19: Empirical Evaluation of Hypothesis One: C & D, Models Three & Four⁵²

VARIABLES	Hypothesis One: C & D			
	Patronage VDEM Neopatrimonialism Index (N+1)			
	Hypothesis One: C Model Three ⁵³		Hypothesis One: D Model Four ⁵⁴	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.71	0.00	-0.05	0.54
Systemic Repression: Civil Liberties, Private & Political Liberties Index (N)	0.01	0.94	0.50	0.00
Public Goods: Distribution of Resources (N)	0.20	0.06	-0.35	0.07
Targeted Repression: Civil Liberties, Physical Repression (N)	1.35	0.38	0.62	0.30
International Conflict	-0.06	0.03	0.00	0.76
Transparency	0.00	0.12	0.00	0.36
Real GDP	0.00	0.58	0.00	0.32
Economic Growth	0.00	0.17	0.00	0.09
Economic Dependence	-0.06	0.00	0.00	0.48
Log Population	0.00	0.93	-0.03	0.26
Issue Salience	0.07	0.27	-0.01	0.30
Constant	-0.67	0.58	1.37	0.04
Observations (N)	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.81		Within: .41, Between: .28, Overall: .30	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁵² Controlling for Systemic Repression, Public Goods, and Targeted Repression, where each variable is measured at N.

⁵³ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁵⁴ Random Effects Model with Robust Standard Errors.

Table A4.3.20: Empirical Evaluation of Hypothesis Two: A & B, Models Five & Six⁵⁵

VARIABLES	Hypothesis Two: A and B			
	Public Goods VDEM Distribution of Resources Index (N+1)			
	Hypothesis Two: A Model Five ⁵⁶		Hypothesis Two: B Model Six ⁵⁷	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.18	0.01	-0.04	0.01
Systemic Repression: Civil Liberties, Private & Political Liberties Index (N)	-0.63	0.04	-0.09	0.50
Patronage: Neopatrimonialism Index (N)	-1.12	0.03	-0.26	0.05
Targeted Repression: Civil Liberties, Physical Repression (N)	-1.70	0.38	0.31	0.40
International Conflict	0.08	0.01	0.01	0.25
Transparency	0.00	0.22	0.00	0.19
Real GDP	0.00	0.10	0.00	0.02
Economic Growth	0.00	0.14	0.00	0.24
Economic Dependence	-0.01	0.57	0.01	0.02
Log Population	0.03	0.21	-0.02	0.38
Issue Salience	-0.22	0.01	-0.02	0.06
Constant	2.23	0.14	0.93	0.04
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.00		Within: .38, Between: .24, Overall: .37	
F-Test	0.92		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁵⁵ Controlling for Systemic Repression, Patronage and Targeted Repression, where each variable is measured at N.

⁵⁶ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁵⁷ Random Effects Model with Robust Standard Errors.

Table A4.3.21: Empirical Evaluation of Hypothesis Two: C & D, Models Seven & Eight⁵⁸

VARIABLES	Hypothesis Two: C & D			
	Patronage VDEM Neopatrimonialism Index (N+1)			
	Hypothesis Two: C Model Seven ⁵⁹		Hypothesis Two: D Model Eight ⁶⁰	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.12	0.00	-0.04	0.08
Systemic Repression: Civil Liberties, Private & Political Liberties Index (N)	-0.11	0.05	0.41	0.01
Public Goods: Distribution of Resources (N)	-0.19	0.01	-0.38	0.05
Targeted Repression: Civil Liberties, Physical Repression (N)	1.44	0.16	0.43	0.52
International Conflict	0.02	0.20	0.00	0.90
Transparency	0.00	0.00	0.00	0.64
Real GDP	0.00	0.37	0.00	0.28
Economic Growth	0.00	0.16	0.00	0.13
Economic Dependence	0.01	0.31	0.00	0.49
Log Population	0.05	0.00	-0.02	0.31
Issue Salience	0.03	0.26	0.00	0.88
Constant	-0.77	0.27	1.27	0.02
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.93		Within: .43, Between: .33, Overall: .35	
F-Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁵⁸ Controlling for Systemic Repression, Public Goods, and Targeted Repression, where each variable is measured at N.

⁵⁹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁶⁰ Random Effects Model with Robust Standard Errors.

Table A4.3.22: Empirical Evaluation of Hypothesis One: A & B, Models One & Two⁶¹

VARIABLES	Hypothesis One: A & B			
	Systemic Repression: CIRI Freedom of Speech CIRI Freedom of Expression (N+1)			
	Hypothesis One: A Model One ⁶²		Hypothesis One: B Model Two ⁶³	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.41	0.15	0.02	0.91
International Conflict	0.04	0.45	0.00	0.93
Transparency	0.00	0.66	0.00	0.20
Real GDP	0.00	0.33	0.00	0.00
Economic Growth	0.00	0.98	0.00	0.27
Economic Dependence	0.00	0.90	0.00	0.41
Log Population	0.11	0.01	0.15	0.14
Issue Salience	0.24	0.04	-0.02	0.54
Constant	-2.85	0.00	-2.77	0.11
Observations	47.00		324.00	
Number of Target States	9.00		43.00	
R ²	0.48		0.06	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁶¹ For these models, my dependent variable was substituted. Instead of my updated measure of VDEM's Measurement of Civil Liberties, I used CIRI's Freedom of Speech Measure. The variable was rescaled so that 0 equals No Freedom of Expression and -1 equals Complete Freedom of Expression.

⁶² Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁶³ Fixed Effects Model with Driscoll and Kraay Robust Standard Errors.

Table A4.3.23: Empirical Evaluation of Hypothesis One: C & D, Models Three & Four⁶⁴

VARIABLES	Hypothesis One: C & D			
	Patronage VDEM Neopatrimonialism Index (N+1)			
	Hypothesis One: C Model Three ⁶⁵		Hypothesis One: D Model Four ⁶⁶	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Political Structure: Loyalty Norm	0.45	0.08	-0.04	0.62
International Conflict	-0.06	0.04	0.00	0.96
Transparency	0.00	0.72	0.00	0.60
Real GDP	0.00	0.74	0.00	0.83
Economic Growth	0.00	0.91	0.00	0.00
Economic Dependence	-0.08	0.01	-0.01	0.02
Log Population	-0.09	0.06	-0.02	0.52
Issue Salience	-0.08	0.53	-0.01	0.33
Constant	1.66	0.06	0.93	0.05
Observations (N)	47.00		325.00	
Number of Target States	9.00		43.00	
R ²	0.66		Within: .05, Between: .04, Overall: .03	
F- Test (Model)	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁶⁴ For these models, my dependent variable was substituted. Instead of VDEM's Neopatrimonialism Index, I used a new variable I created by averaging VDEM's Clientelism and Regime Corruption Indices.

⁶⁵ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁶⁶ Random Effects Model with Robust Standard Errors.

Table A4.3.24: Empirical Evaluation of Hypothesis Two: A & B, Models Five & Six⁶⁷

VARIABLES	Hypothesis Two: A and B			
	Public Goods: Secondary School Enrollment %, Female ⁶⁸ (N+1)			
	Hypothesis Two: A Model Five ⁶⁹		Hypothesis Two: B Model Six ⁷⁰	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.23	0.00	0.08	0.00
International Conflict	-0.04	0.18	-0.02	0.00
Transparency	0.00	0.46	0.00	0.00
Real GDP	0.00	0.07	0.00	0.00
Economic Growth	0.00	0.26	0.00	0.05
Economic Dependence	0.04	0.00	-0.01	0.19
Log Population	0.00	0.93	0.00	0.90
Issue Salience	-0.25	0.00	0.02	0.52
Constant	1.51	0.02	-0.01	0.98
Observations	28.00		322.00	
Number of Target States	7.00		25.00	
R-squared	91		0.00	
F-Test/Chi2 Test	0.00		Within: .69, Between: .24, Overall: .22	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁶⁷For these models, my dependent variable was substituted. Instead of my updated version of VDEM's Equal Distribution of Resources Index, I used a measure of WDI's measure Female Secondary School Enrollment as a percentage of females of Secondary School age.

⁶⁸ WDI Measure, Expresses Total Female Secondary school enrollment as a percentage of the total population of female secondary age people. Variable normalized to 0-1.

⁶⁹ Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁷⁰ Fixed Effects Model with Driscoll and Kraay Robust Standard Errors.

Table A4.3.25: Empirical Evaluation of Hypothesis Two: C & D, Models Seven & Eight⁷¹

VARIABLES	Hypothesis Two: C & D			
	Patronage: Average, VDEM Clientelism & VDEM Regime Corruption VDEM Neopatrimonialism Index (N+1)			
	Hypothesis Two: C Model Seven ⁷²		Hypothesis Two: D Model Eight ⁷³	
	Sanctions are Comprehensive		Sanctions are Targeted	
	Coefficient	P-value	Coefficient	P-value
Economic Structure: Income Source, State Ownership of Economy	0.00	0.95	-0.01	0.52
International Conflict	-0.04	0.28	0.00	0.94
Transparency	0.00	0.57	0.00	0.85
Real GDP	0.00	0.76	0.00	0.76
Economic Growth	0.00	0.73	0.00	0.00
Economic Dependence	-0.05	0.06	-0.01	0.02
Log Population	-0.06	0.23	-0.01	0.68
Issue Salience	0.00	0.98	-0.01	0.54
Constant	1.30	0.14	0.82	0.08
Observations	47.00		325.00	
Number of Target States	9.00		43.00	
R-squared	0.63		Within: .06, Between: .02, Overall: .00	
F-Test	0.00		0.00	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

⁷¹ For these models, my dependent variable was substituted. Instead of VDEM's Neopatrimonialism Index, I used a new variable I created by averaging VDEM's Clientelism and Regime Corruption Indices.

⁷² Pooled OLS Model with Driscoll and Kraay Robust Standard Errors. Results from Breusch-Pagan Lagrangian Multiplier suggested that null of no difference could not be rejected.; Driscoll and Kraay Robust Standard Errors

⁷³ Random Effects Model with Robust Standard Errors.

Appendix 5.1: Nicaragua's Political Structure

The FSLN rose to power during the Nicaraguan Revolution, filling the void created when Somoza was removed from power. The party quickly appointed a ruling junta which served as Nicaragua's highest executive organ. While the ruling junta served as Nicaragua's nominal leadership, the National Directorate determined the junta's membership, and three of their five members of the junta were directly tied to the Sandinistas.¹ Because only a simple majority was required to pass new measures, the junta's composition meant that the Sandinistas retained control of the leadership.² These two mechanisms meant that the National Directorate essentially dictated the junta's policies. Chisholm explains:

The Governing Junta of National Reconstruction represented the FSLN, the United People's Movement (MPU) (an umbrella group of anti-Somacists dominated by the *Terceristas*³), the Group of Twelve⁴, and the anti-Somocist bourgeoisie. The Junta thereby provided the Sandinistas, the middle classes, and the masses with representatives in the executive branch of the government—although the FSLN actually controlled both the MPU and the Group of Twelve members, ensuring its power over the government...[this body represented] corporate interests in the organs of government in the organs of government, but at the same time were subordinated to the FSLN by its ultimate control over the majority of representatives to them.⁵

¹ David Close, Salvador Martí I Puig, and Shelley A. McConnell, eds, *The Sandinistas and Nicaragua Since 1979*. (Boulder, CO: Lynne Rienner Publishers, 2012), 5.

² Although, some sources clarified that decisions were typically made unanimously see, Bruce E. Wright, "Pluralism and Vanguardism in the Nicaraguan Revolution." *Latin American Perspectives* 17, no. 3 (Summer 1990): 46.

³ The *Terceristas* were originally a faction of the FSLN prior to its unification in the mid-1970s. The United People's Movement was an umbrella group comprising of fourteen left-wing organizations, primarily student groups, unions, and parties, that was closely affiliated with the FSLN. See David Close, *Nicaragua: The Chamorro Years*. (Boulder, CO: Lynne Rienner Publishers, 1999) 17.

⁴ According to the Chisholm, the Group of Twelve was a popular cover for the dominant tendency of the Sandinistas, most commonly known as the *Terreceristas*. See Robert Chisholm, "Nicaragua Libre: Pragmatic Corporatism in the Revolution," *Conflict Quarterly* 11 (Winter 1991): 33.

⁵ Chisholm, "Nicaragua Libre: Chisholm, "Nicaragua Libre: Pragmatic Corporatism in the Revolution," 33.

Beyond determining the constituency of the ruling junta, the National Directorate exercised their “ultimate authority”⁶ in a variety of ways, both formal and more pragmatic. For example the National Directorate was declared the Comandante de la Revolucion, a classification that ratified them as Nicaragua’s “ultimate political authority”.⁷ Beyond this formal designation, the National Directorate also exercised authority by disarming non-FSLN militia groups and politicizing the new military, extricating less orthodox Sandinistas from positions of power while placing other members of the FSLN in positions of authority and encouraging the growth of mass organizations which served as corporatist interest groups.⁸ When describing the role of the National Directorate, Bayardo Arce, a member of that group explained:

In the beginning we were deeply involved in everything. Because of the lack of institutions, someone had to decide. The only visible authority, recognized by the revolutionary practice, was the National Directorate. But one of the first things we did was to define a functional role. Thus, a government, a military structure, and a security organization were created. The National Directorate reserved for itself the definition of the general lines for the political economy military doctrine, agrarian reform, and external action.⁹

For reasons outlined above it seems that the Sandinista’s National Directorate, the FSLN’s governing body, functioned as Nicaragua’s true executive serving behind the scenes to determine policy.

In many ways, Nicaragua’s political structure was like that of the Soviet Union during the Cold War. Both Nicaragua during the early 1980s and the Soviet Union during the Cold War are best classified as single-party autocracies, whose vanguard parties charged themselves with

⁶ Close, *Nicaragua: The Chamorro Years*, 9.

⁷ Close, *Nicaragua: The Chamorro Years*, 9

⁸ Close, *Nicaragua: The Chamorro Years*, 8 and Close *et al.* eds., *The Sandinistas and Nicaragua Since 1979*, 8.

⁹ Gabriele Invernizzi, Francis Pisani, and Jesús Ceberio, *Sandinistas: entrevistas a Humberto Ortega Saavedra, Jaime Wheelock Román y Bayardo Arce*. Managua: Editorial Vanguardia, 1986) as cited in Bruce E. Wright, “Pluralism and Vanguardism in the Nicaragua Revolution” *Latin American Perspectives*, 17, no.3 (Summer 1990): 38-54.

“guiding the revolution”.¹⁰ Moreover, the states shared ideological similarities: each state ascribed to some form of Marxist communism that privileged the proletariat. However, Nicaragua’s political structure diverged from that of the Soviets in important ways. One of the most significant distinctions between the Sandinistas and the Soviets was that the FSLN never held rigged nation-wide elections. This choice had important consequences for Nicaragua. As Bueno de Mesquita *et al.* explain:

All rigged electoral systems create artificial scarcity in some designated proficiency, typically in membership in the single approved political party, thereby guaranteeing that membership is valuable. As in the Soviet system, so too in virtually all rigged systems, any Selectorate member could be granted the opportunity to gain the requisite additional qualities to make it into the Winning Coalition but, to protect the value of those additional qualities, only very few actually are given that opportunity. The consequence of this choice of Selectorate members for entry into the Winning Coalition is that many people are candidates for entry into the Winning Coalition, but only a tiny subset is chosen. Thus, rigged electoral systems have a large Selectorate and a small Winning Coalition.¹¹

Essentially, by not holding rigged elections, the FSLN chose not to artificially expand their Selectorate. This meant that when elections were held the size of the Winning Coalition expanded and their Loyalty Norm was weaker than it might otherwise have been.¹²

Who served as the National Directorate’s Selectorate (and Winning Coalition) remains unclear. While the National Directorate functionally served as Nicaragua’s leadership, on a fundamental level their primary role was to lead the FSLN. If we take as given that National

¹⁰Wright, “Pluralism and Vanguardism in the Nicaraguan Revolution,” 38-54.

¹¹ Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 85-86.

¹² One could argue that the regime’s encouragement of mass interest groups expanded the Sandinista’s Selectorate in a manner like rigged elections. However, the relationship between the FSLN and the interest groups was much more indirect than if the regime held elections (even if they cheated). The ambiguity surrounding the relationship between the mass interest groups and the Sandinistas meant that they did have as large of a stake in the regime as a member of the Selectorate would have and members of the Winning Coalition would not have been as threatened by their numbers.

Directorate retained Nicaragua's highest authority during the early 1980s, we can deduce that their primary constituency groups would comprise the state's Winning Coalition and Selectorate. Close review of the National Directorate's constituency should reveal insight into the identity of both the regime's Winning Coalition and Selectorate and how the National Directorate's relationship with these groups evolved during the 1980s. These findings will help researchers assess Nicaragua's Loyalty Norm and trace its evolution during the 1980s.

The FSLN was a secretive organization and during the 1980s its organizational structure was rigidly hierarchical.¹³ Membership in the FSLN was exclusive and estimates of FSLN numbers ranged from approximately 12,000 to 40,000, or at most one percent of the population.¹⁴ At the top of the FSLN hierarchy sat the nine commandantes who comprised the National Directorate. Immediately below them served the FSLN's assembly, comprised of 103 members appointed by the commandantes from the bottom echelon of the party, the so-called *Millitantes*.¹⁵ Arguably, the assembly and other party elites, such as those who held leadership roles in the community branches, comprised the regime's winning coalition and it is not surprising that these high-ranking officials enjoyed weekend retreats on Nicaraguan Beaches, free cars, high level government positions, and full coverage of their expenses by state budgets.¹⁶

The exact number of Sandinistan elites is unclear. However, it is known that following the 1990 elections, the regime responded to calls for greater democratization by holding internal, party elections for the first time in August and September of 1990, leading to the election of

¹³ The party underwent significant restructuring following the 1990 election. While it remained hierarchically organized, it revamped its selection procedures so over the next few years, upper levels of the party would be elected rather than appointed. See Helen Chapin Metz, ed., *Libya: A Country Study*, (Washington D.C.: Library of Congress, Federal Research Division, 1989).

¹⁴ Julia Preston, "Party Runs Nicaragua Like a Secret Society," *The Washington Post*, July 3, 1989 and Wright, "Pluralism and Vanguardism in the Nicaraguan Revolution," 38-54.

¹⁵ Preston, "Party Runs Nicaragua Like a Secret Society."

¹⁶ Preston, "Party Runs Nicaragua Like a Secret Society."

almost 600 officials to serve as executive committee members and community coordinators at the municipal and departmental levels.

During the early years of Sandinista rule, the FSLN rank-and-file comprised the regime's Selectorate. Its membership consisted of two groups: the *Militantes* who were effectively the bottom tier Sandinistas who were formally members of the party and the *Aspirantes*, who were working towards their full admission into the party with *Militante* status. While a large subset of the Nicaraguan population supported the FSLN and even aspired to join their ranks, "*Militante Status*" was only afforded to those individuals who demonstrated a strong commitment to the revolution by performing "extensive work in the popular cause."¹⁷ Prior to the revolution, the Sandinistas were a relatively small party, however during its aftermath, the regime expanded its membership by several thousand, with the number of *Militantes* approaching 12,000. The *Militantes* effectively served as the regime's Influentials; they received additional payouts as members of their party, but their material pay-outs were more limited than the elite member's benefits. This meant that like the elite members of the party, *Militantes* enjoyed access to government jobs, vacations, shopping, and medical care not afforded to the general population.

Those individuals who expressed interest in joining the FSLN and were in the process of demonstrating their commitment in the hopes of being selected were known as *Aspirantes*.¹⁸ Ascension to *Militante* status was largely connected to an individual's history of revolutionary service, and less influenced by sectoral or ethnic ties. This promotion structure effectively incentivized loyalty, driving potential members to perform acts of service in the hope of reaping benefits. Admittance into FSLN ranks required approval from the upper party echelons, and

¹⁷ Wright, "Pluralism and Vanguardism in the Nicaraguan Revolution," 40.

¹⁸ Preston, "Party Runs Nicaragua Like a Secret Society."

those party leaders who granted hopefuls *Militante* status were then held responsible for their actions. Even military service did not guarantee entry into FSLN ranks. For example, during the early 1980s the FSLN took steps to develop a popular Sandinista militia. Despite the direct link between this militia and the Sandinistas, at most only 12% of the army held FSLN membership.¹⁹

The Sandinista's *Aspirantes* can be viewed as the regime's Interchangeables. Although they did not receive direct pay-outs like the Winning Coalition and Influentials, the Aspirantes played an important role in the regime by participating in events, cooperating with the military, and promoting the regime's mission of extending the Revolution. Perhaps more importantly, their mere presence served as a reminder to elites and *Militantes* that any individual was replaceable. By creating a special class of *Aspirantes*, the FSLN was able to expand the size of the Selectorate and by extension strengthen their Loyalty Norm.

These dynamics began to change in 1984 when the Sandinistas conceded to domestic and external pressure to hold elections. Electoral democracy forced the Sandinistas to alter both their preferences and behavior. Prior to the elections, the regime had a relatively strong Loyalty Norm, a small Winning Coalition, and a sizeable Selectorate. However, once the decision to hold elections was made in February 1984, the regime began playing by a different set of rules. Holding elections meant the regime now had to accommodate a much larger winning coalition and appeal to voters they would not have previously valued. After the elections, the FSLN's Selectorate expanded to include all citizens with suffrage, while their Winning Coalition expanded and was now comprised of a majority of those voters, including rural workers and

¹⁹ Although 59% of the FSLN served the militia in some capacity. Wright, "Pluralism and Vanguardism in the Nicaraguan Revolution," 51.

peasants. The expanded Winning Coalition, in turn, weakened the Loyalty Norm of the regime after 1984. This new arrangement was sustained through the end of the sanctioning episode.

Appendix 5.2: Targeted Repression and Public Goods

Targeted Repression

In Nicaragua, the Sandinistas typically used two forms of Targeted Repression: land expropriation and the arrest (and occasional murder) of members of the opposition.¹ Land expropriation was particularly common during the first few years of the revolution. When the FSLN seized power, they expropriated over 1.6 million manzanas² of land owned by Somoza and National Guard officers and operated them as state farms.^{3, 4} This affected approximately 2000 farms, comprising over 20% of Nicaragua's arable land.⁵ While some of this land was eventually distributed to peasants, the redistribution process was delayed until 1983.⁶ In the meantime, the land remained in the hands of the state.⁷ Moreover, it is worth noting that land expropriation in Nicaragua was highly targeted. While the Sandinistas were quick to seize land controlled by Somoza and his supporters, they avoided expropriating the landholdings of the rural bourgeoisie whom they considered their allies, particularly during the early years of the revolution⁸ In 1981, the Sandinistas also promulgated "The Agrarian Law." This policy empowered the government to confiscate land that was abandoned, idle, underused, or rented and

¹ Another notable example of Targeted Repression that took place prior to prior to the imposition of sanction and before the Contras really became a substantial force was the forced resettlement of the members of the Miskitu Tribe away from the Northern Border and further inland. Members of the Miskitu Tribe were joining the growing Contra Movement and providing support in a bid for autonomy. See, Robert Pastor, *Not Condemned to Repetition*, 2nd ed. Oxfordshire: Routledge, 2002.

² One Manazana of land equals approximately 7,000 square meters or 1.75 acres in Nicaragua.

³ Christiane Berth, *Food and Revolution: Fighting Hunger in Nicaragua, 1960-1993*, (Pittsburgh: University of Pittsburgh Press, 2021): 68-92.

⁴ They also expropriated most of the export industries previously controlled by Somoza (as well as most of the export industries primarily owned by that same group.

⁵ Ilja Luciak, "National Unity and Popular Hegemony: The Dialectics of Sandinista Agrarian Reform Policies," *Journal of Latin American Studies* 19, no.1 (May 1987): 113-140.

⁶ Luciak, "National Unity and Popular Hegemony," 113-140.

⁷ When redistribution did finally take place, it was primarily distributed into the hands of the organized cooperatives, unorganized peasants did not receive substantial land grants for another couple of years. See Berth, *Food and Revolution*, 68-92.

⁸ Berth, *Food and Revolution*, p. 84

redistribute it to agricultural cooperatives. Notably, the state seized substantially more land than they distributed to the cooperatives.⁹ However, it appears that the agrarian reform was not applied uniformly: Luciak suggests that the FSLN limited expropriation and reduced the size of the state sector in certain regions rather than provoke the allied rural bourgeoisie.¹⁰ This implies that the Agrarian Law was not applied systemically and is better viewed as a targeted form of coercion. Following the 1984 elections, the balance of power tilted in favor of the peasants and the Sandinistas determined that they needed to appease the masses if they wanted to retain power. This led to the passage of the 1986 Agrarian Reform Act, which reduced protections on producers, resulting in less targeted expropriation of land distributed more evenly across the population with substantive landholdings. The law's passage heralded a shift in preferences that had started in 1985, as the regime attempted to expand their base of support to include the peasants.

The Sandinistas also utilized more traditional forms of Targeted Repression. Most commonly, this took the form of arrests, harassment, and occasional assassination of moderate opposition leaders and was applied during periods of extreme tension. For example, Afonso Robelo was detained on November 9th, 1980, following months of harassment in retaliation for his resignation as an opposition member of the five-member ruling junta. The Sandinistas were also suspected of ordering the murder of Jorge Salazar, a prominent member of the opposition.¹¹

In 1982, the FSLN again arrested Robelo along with several other moderate opposition leaders following the Contra bombings of two major bridges. In response to international outcry,

⁹ See Luciak, "National Unity and Popular Hegemony," 113-140.

¹⁰ Luciak, "National Unity and Popular Hegemony," 113-140.

¹¹ Christopher Dickey, "Nicaraguan Divisions Grown After Businessman's Death," *The Washington Post*, November 23, 1980.

Robelo was released and fled to San José.¹² The FSLN also arrested several moderate leaders and accused them of cooperation with the Contras.¹³ Tensions increased again in June 1986 as the impact of sanctions and the Contra war were beginning to show.¹⁴ At this point, in addition to a series of systematically repressive policies previously discussed, the Sandinistas also prohibited the entry of Church Leaders Bishop Pablo Antonio Vega and Reverend Bismarck Cabello into the country.¹⁵

Interestingly, the Sandinista's use of Targeted Repression escalated following President Ortega signing of the Esquipulas Accord II. The agreement required the Nicaraguan government to take several liberalizing actions and after each step Borge, head of the Nicaraguan police, would essentially vent his frustration using Targeted Repression.¹⁶ For example when Ortega signed the Esquipulas Accord II, Borge's police violently broke up a demonstration in Managua and arrested human rights leaders. When Ortega announced direct talks with Contra leaders, Borge's police arrested four opposition leaders and, when Ortega announced plans to abolish the people's tribunal and end the state of emergency, Borge had five more oppositions leaders arrested.¹⁷ It appears that as the regime adjusted to the transition and the situation stabilized, the leader's use of Targeted Repression declined.

¹² Another example during this time included the assassination of opposition leader Jorge Salazar in November of 1980.

¹³ The Sandinistas detained of Steadman Fagoth Muller (MISURASATA leader) in February 1981. See Pastor, *Not Condemned to Repetition*, 183.

¹⁴ The US Congress had just approved another round of funding for the Contras.

¹⁵ Pastor, *Not Condemned to Repetition*, 210.

¹⁶ Pastor, *Not Condemned to Repetition*, 222. This increase in Targeted Repression can be largely accredited the Sandinistas being more fragmented by the end of the 1980s than they otherwise appeared. Despite President Ortega's support for the Accord, Tomás Borge, head of Nicaraguan police was strongly opposed to the agreement. Importantly, anonymous Sandinista officials confirmed that these actions were taken without Ortega's knowledge or consent. It is unclear how we should classify rogue behavior of high-level officials. Is this technically regime policy? Or is this simply a rogue party member flexing its muscle. For the sake of simplicity, I am going to classify this behavior as regime policy for the time being.

¹⁷ Importantly, anonymous Sandinista officials confirmed that these actions were taken without Ortega's knowledge or consent. It is unclear how we should classify rogue behavior of high-level officials. Is this

While the Sandinistas employed both expropriation and physical repression, they did not appear to alter their use of these policies in response to sanctions specifically. The Sandinistas use of land expropriation shifted over time, first in targets and then in volume. However, this seems to be a product of political pragmatism more than anything else. Initially, the Sandinistas expropriated land from Somoza and his allies, but later shifted their approach, expropriating land owned by the rural bourgeoisie to give to the peasants.

The Sandinistas' use of physical repression ebbed and flowed throughout the 1980s, sometimes accompanied by increases in Systemic Repression. As discussed above, some individuals were arrested, detained, or exiled as a function of events relating to the sanction episodes. Nevertheless, Targeted Repression appears to have been limited to reactions following increases in tensions with the Contras rather than a major sustained policy change produced by the imposition of sanctions.

Public Goods

The Sandinistas relied heavily on Public Goods distribution throughout the 1980s. While it would be inaccurate to argue that there was a real shift in the quantity of Public Goods that were distributed, there was a shift over time in the quality and type of Public Goods employed. In *Logic of Political Survival*, Bueno de Mesquita *et al.* distinguish between Core and General Public Goods. They define Core Public Goods as those policies that are of universal importance and are the most important welfare enhancement any government can provide. These include but are not limited to: civil liberties, political rights, transparency, peace, and prosperity.¹⁸

technically regime policy? Or is this simply a rogue party member flexing its muscle. For the sake of simplicity, I am going to classify this behavior as regime policy for the time being.

¹⁸ Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 278.

General Public Goods are secondary in nature: while they enhance the general welfare, they will vary more with tastes and preferences across specific countries. Examples include public health care, public education, social security, free markets, etc.¹⁹ While the FSLN relied heavily on Public Goods distribution throughout their time in power, during the early years of their rule they mostly used General Public Goods distribution. However, after the 1984 elections the regime shifted to providing a greater relative volume of Core Public Goods.

From 1979 to the mid-1980s, the Sandinistas invested heavily in General Public Goods. For example, by 1984 the Sandinistas roughly doubled both the proportion of GNP spent on primary and secondary education. This led to the number of primary and secondary schools and teachers doubling by 1984 and by 1985, the regime almost tripled the number of tertiary school students.²⁰ In 1980 the Sandinistas launched a literacy campaign and reduced the illiteracy rate from 50 to 23 percent of the population.²¹ However, the Contra wars and US hostility reduced the efficacy of Nicaragua's education system. While enrollment and literacy increased overall, there was still a substantial subset of students that did not receive an education, and by the end of the 1990s the proportion of students that graduated primary school was equivalent to the 1979 level.²²

The Sandinistas also substantively improved Nicaragua's health care system by restructuring it and collapsing numerous agencies into one system.²³ Simultaneously, health care spending increased and access broadened and became more egalitarian. Greater emphasis was placed on preventative and primary medicine. The Sandinistas built five new hospitals and

¹⁹ Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 309.

²⁰ Notably, the education had a particularly ideological orientation.

²¹ Metz, ed., *Libya: A Country Study*.

²² Metz, ed., *Libya: A Country Study*.

²³ On the advice of NGO experts, AID. Metz, ed., *Libya: A Country Study*.

established a network of primary health clinics. Furthermore, the Ministry of Health developed programs that successfully reduced infant mortality, trained community health volunteers, and championed vaccination and sanitation campaigns. As was the case for public education, the Sandinistas lost some of the progress made in health care in the latter half of the decade due to medical shortages, an increasingly vulnerable population, and violence limiting the reach of health practitioners.²⁴ Food distribution followed similar patterns. During the initial years of the revolution, the regime implemented a mixture of large subsidies for producers and price controls for consumers to ensure that both groups benefited.²⁵ However, over time the costs posed by sanctions and Contras became too high and the Sandinistas were unable to continue food distribution programs as effectively.²⁶

As the decade wore on and the costs of sanctions and the Contra war continued to mount the Sandinistas found it more difficult to provide General Public Goods. At this point, the Sandinistas shifted and began to introduce more Core Public Goods. These included the expansion of political rights, writing a constitution,²⁷ and the liberalization policies outlined by the Esquipulas Accords II. In 1984 the Sandinistas held their first election earlier than

²⁴ Metz, ed., *Libya: A Country Study*.

²⁵ These policies created tension because they cut out the middleman and limited the role of traditional networks. See, Berth, *Food and Revolution*, 68-92.

²⁶ Luciak, "National Unity and Popular Hegemony," 113-140.

²⁷ In 1987 the Sandinistas wrote and ratified the Nicaraguan Constitution. The National Constituent Assembly that was elected in 1984 appointed a Constitutional Commission that seated twenty-two members including twelve Sandinistas and ten members from opposition parties that had participated in the 1984 elections. The Commission held meetings with over twenty parties, religious groups, unions and other organizations to hear differing perspectives, drafted a constitution and then distributed copies of the draft constitution widely. Afterwards, the commission held twelve televised debates and seventy-three town halls to discuss the merits of the document. Afterwards, they redrafted the constitution to include input from the population. According to Jonas and Stein, the changes were "not pro forma, but substantive and significant, some on very sensitive issues." See Susanne Jonas, and Nancy Stein, "The Construction of Democracy in Nicaragua," *Latin American Perspectives* 17, no. 3 (Summer 1990): 20-21.

anticipated according to their previous timelines.²⁸ Soon thereafter, they wrote a constitution which was endorsed in 1987. The constitution enumerated specific civil, economic, social, and cultural rights such as the right to health care, education, and social security. The Sandinistas further expanded their use of Core Public Goods after signing the Esquipulas II Accord.²⁹ In accordance with the agreement, the government lifted the state of emergency, allowed La Presna to print, restored broadcasting rights to Radio Católica, and implemented a wide-ranging amnesty program. The government also engaged in extensive dialogues with domestic opposition parties and the Contras.³⁰ Finally, in 1990 Nicaragua held its second election as stipulated by the Esquipulas II Accord. Notably, the Sandinistas lost the elections and after a momentary hesitation, peacefully transitioned out of power.

²⁸ Jonas and Stein, "The Construction of Democracy in Nicaragua." While this election was denigrated by the Reagan Administration and condemned because of the withdrawal of key opposition parties, most objective observers claim that the election was relatively free and fair.

²⁹ The Agreement between Nicaragua and four Central American states and required each leader to take various measures to reduce hostility in the region, including releasing political and National Guard prisoners, granting amnesty, and democratization. See Peter McKenna, "Nicaragua and the Esquipulas II Accord: Setting the Record Straight." *Canadian Journal of Latin American and Caribbean Studies* 14, no. 27 (1989): 70.

³⁰ Jonas and Stein, "The Construction of Democracy in Nicaragua."

Appendix 5.3: Militarized Conflict

In his discussion of terminology, Baldwin discusses the vagueness of the term ‘economic warfare’ and argues that when attempting to categorize different forms of statecraft we should focus on the means not the ends. He argued that “While military analysts may indeed consider an attack on industrial targets as economic warfare, the basic intuitive notion of most people is that firing weapons and dropping bombs are military undertakings.”¹ As further support for his argument, Baldwin contended that it was simply logical, as we do not refer to the bombing of libraries as cultural warfare nor do we refer to the bombing of nuclear plants as nuclear warfare.² Baldwin’s point has a blatant prima facie logic. However, there exists one clear shortcoming. Baldwin assumes that the goals of a specific strategy employed are the observed event. However, the goals of a specific strategy are often obscured and multifaceted. In the case of Nicaragua, the Contras did not destroy farms simply to cause widespread destruction in the same land they called home. Nor did they mine fields to end a war. Rather, the Contras employed militant policies to cause economic duress and accomplish a political policy goal: regime change. In other words, the Contras employed a military tactic to further an economic strategy to achieve a political goal. In this sense, their actions, supported by the US both overtly and covertly, may be viewed as an extension of US economic sanctions.

Other scholars agree that we should use a broader definition of economic warfare. For example, according to Fjørland, Knorr defines the concept of economic warfare as attempting to weaken the economic foundation of the enemy’s power by any means available, be they economic, propagandistic, legislative, diplomatic, or military in nature.³ This definition draws a

¹ David A. Baldwin, *Economic Statecraft* (Princeton: Princeton University Press, 1985) 36.

² Baldwin, *Economic Statecraft*, 39-40.

³ Tor Egil Fjørland, “‘Economic Warfare’ and ‘Strategic Goods’: A Conceptual Framework for Analyzing COCOM,” *Journal of Peace Research* 28, no.2(May 1991):191-204.

direct link between conventional economic statecraft, such as financial sanctions, and Great Britain's attacks on industrial, transportation, production, storage, and other economic centers in Germany in order to "disorganize the enemy's economy as to prevent him from carrying on the war."⁴

To determine whether the Contras and UCLAs served as conventional military actors or as an extension of economic sanctions, we should examine their motivations and behaviors. As previously described, the Reagan Administration began providing support to the Contras in 1981.⁵ From 1981 to 1990 the Contras received approximately \$332 million from various sources, including the US government.⁶ The United States also provided the Contras with training, intelligence, and operational support. Their ranks quickly grew to a fighting force of approximately 20,000, spread throughout Nicaragua.⁷ Despite US support, the Contras never achieved the capacity to seize and maintain control of a large town, much less directly challenge the Nicaraguan army. Therefore, they reverted to alternative targets, such as vehicle parks, bridges, power stations, and lightly defended farms, despite CIA guarantees to the contrary.^{8,9} For example, in 1982 the Contras began attacking northern Nicaraguan villages where they burned both crops and warehouses to reduce the food supply. They also targeted agricultural

⁴ Førlund, 'Economic Warfare' and 'Strategic Goods', 193. It appears that British soldiers were carrying out military attacks to undermine the economy to halt further military attacks. In a sense, it was warfare to destabilize an economy to prevent further warfare.

⁵ Stephen T. Hosmer, "Facilitating Coups or Rebellions," in *Operations Against Enemy Leaders*, 90 (Santa Monica: Rand Corporation, 2001).

⁶ Richard Sobel. "Contra Aid Fundamentals: Exploring the Intricacies and the Issues," *Political Science Quarterly* 110, no 2 (Summer 1995): 287-306.

⁷"Understanding the Iran-Contra Affairs." https://www.brown.edu/Research/Understanding_the_Iran_Contra_Affair/n-contrasus.php (accessed November 19, 2022) and Hosmer, "Facilitating Coups or Rebellions," 91.

⁸The CIA had assured Congress that the Contras were exclusively targeting military installations. See William M. Leogrande, "Making the Economy Scream: US Economic Sanctions against Sandinista Nicaragua." *Third World Quarterly* 17, no.2 (June 1996): 343.

⁹ Hosmer, "Facilitating Coups or Rebellions, 92 and "Leogrande, Making the Economy Scream," 343.

scientists and healthcare workers employed by the Sandinistas. In 1984 alone, 270 agricultural techs were killed by Contra fighters.¹⁰ Other examples of specific Contra aggression include their attack in 1982 on two important bridges that essentially heralded the beginning of the Contra war and ‘the great coffee war,’ which ended up costing Nicaragua between 20 and 25 percent of its coffee harvest from 1985 to 1986.¹¹ In 1983 the CIA initiated the UCLA program to augment the Contras. One UCLA explained that “Our mission was to sabotage ports, refineries, boats, bridges, and try to make it look like the Contras had done it.”¹² Examples of UCLA attacks¹³ included the destruction of oil storage tanks in Corinto, which resulted in such extensive costs¹⁴ that it led the Exxon Corporation to pull its tankers from Nicaragua,¹⁵ and the mining of Nicaragua’s harbors to discourage trade at a loss of around \$10 million to the Nicaraguan economy.¹⁶

Ultimately, the Contra conflict cost the Nicaraguan economy approximately \$2 billion US in economic damages by 1986, associated with the physical damages caused by the fighting, the disruption of transportation, the displacement of people, and the interruption of energy supplies, etc.¹⁷ However, the most substantial cost was the drainage of resources from economic development to build and support the Nicaraguan military. Nicaragua’s military expanded enormously during the 1980s. It increased from approximately 5000 soldiers in 1980 to 119,000

¹⁰ Berth, *Food and Revolution*, 105.

¹¹ The Contras launched a sustained offensive to disrupt the coffee harvest, this deprived the government of much-needed hard currency. From 1985 to 1986, the Contras attacked trucks carrying agriculture workers and launched assaults on 50 state-owned and cooperative farms.

¹² Leogrande, “Making the Economy Scream,” 341.

¹³ US special forces provided support.

¹⁴ Costs included the loss of 3.2 million gallons of fuel, the injury of 112 people, and the evacuation of 20,000 people from the city. See Leogrande, “Making the Economy Scream,” 342.

¹⁵ Leogrande, “Making the economy Scream,” 342.

¹⁶ Leogrande, “Making the economy Scream,” 342.

¹⁷ During roughly that same period, the number of takes increased from three to fifty, and Nicaragua’s weapons systems increased from two antiaircraft guns and no missile launchers to 150 antiaircraft guns and 30 missile launchers in 1980. See Leogrande, “Making the Economy Scream,” 342.

soldiers in 1985.¹⁸ It became one of the strongest forces in Central America. However, it was very costly to maintain, absorbing approximately 55% of the national budget. Because production declined, tax revenues could not cover the costs of the conflict. This led the Sandinistas to simply print more money, contributing to the dramatic rise in inflation during the latter half of the decade.

By attacking the Nicaraguan economy, the Contras generated two types of responses from the Sandinistas: an attempt to offset or mitigate the costs and an attempt to engage militarily with the Contras themselves to prevent future destruction. I treat the first type of cost as endogenous to my analysis. In other words, given the close collaboration between the US and the Contras, the Contra War can be viewed as an extension of US economic sanctions. The second type of autocratic response to the Contras, military engagement, suggests that increased Contra activity would cause a rise in repression.

¹⁸ Pastor, *Not Condemned to Repetition*, 202.

Appendix 6.1: Economic Structure: The Libyan Regime's Ownership of the Economy and Economic Centralization

Since Qadhafi seized power in 1969, VDEM's experts have characterized Libya's economy as predominantly state-owned with the most important sectors under the control of the Libyan government. According to VDEM experts, the government's influence grew over the 1970s and stabilized during the latter part of the 20th century. While I agree with VDEM's experts' classification of Libya's economy as state-controlled and directed, I do think their timeline should be reconsidered. Specifically, while the government's control over the economy did evolve over time, this change was not monotonic.¹

When the Free Officers first seized power in 1969, they focused primarily on consolidating the military and political structures. Until 1973, Qadhafi's economic interventions were largely restricted to nationalizing the banking and oil industry and increasing the number of public sector jobs available.² Afterwards, the regime focused on restructuring the state's political institutions.³ Once the regime's political structure stabilized, the leadership turned its

¹ The VDEM variable, state ownership of the economy, surveys experts based on a 0 to 4 ordinal scale. Their responses are then aggregated using a Bayesian item response theory measurement model and converted to interval using a different measurement model. The disconnect between my interpretation and the VDEM's coding could simply be a function of the tendency for aggregation to revert data to the mean. In other words, when data is aggregated and the central tendency (i.e., a mean, or even a weighted mean) is evaluated, the variations over time tend to be smoothed. Given that various experts (typically around five per country-year for Libya), regardless of level of objectivity, might assign the same series of events different scores, this can lead to a lot of variation in results. According to VDEM, expert assessments of Libya's economic structure during Qadhafi's rule varied substantially, with the standard deviation spanning 1 to 1.3 units over time on their scale, where 0 represents virtually all valuable capital being directly of the government, and 4 represents very little capital is either owned or controlled by the state. In other words, the intercoder variation consistently spanned 25-33% of the range of the variable during Qadhafi's rule.

² "Everything You Need to Know About the Libyan Oil Industry," Business Insider, February 22, 2011. <https://www.businessinsider.com/libya-oil-exports-2011-2> (accessed November 25, 2022) and Meliha B. Altunisik and Melih B. Altunisik, "A Rentier State's Response to Oil Crisis: Economic Reform Policies in Libya" *Arab Studies Quarterly*, 18, no. 4 (Fall 1996): 49-63.

³ In 1973 Qadhafi inaugurated the Popular Revolution and introduced the people's committees. In 1975 a subset of the RCC attempted to stage a coup, which failed, and left Qadhafi stronger. In 1976 the regime reorganized the Arab Socialist Union to form the People's Congressional System and in 1977 the regime introduced the Revolutionary committees.

attention to establishing greater ownership of state resources and consolidating the state's control over the economy. Starting in the late 1970s and lasting through the mid-1980s, the regime introduced policies that effectively banned private enterprise thereby consolidating government control over the economy, including prohibiting the ownership of private property,⁴ legally requiring all enterprises to be run by worker's committees,⁵ establishing state control over imports and exports,⁶ banning private transactions,⁷ and demonetizing the dinar.⁸ By the mid-1980s, the regime either directly owned or indirectly controlled virtually the entire Libyan economy.

Starting in the early 1980s, the regime began to face a growing fiscal crisis due to falling oil prices and US sanctions activity.⁹ To ensure economic stability the state began implementing austerity measures, including policies aimed at reducing development budgets and restricting imports.¹⁰ These measures hit consumers particularly hard and in combination with rising levels of repression, eventually led to increased domestic unrest. In response to rising levels of protest and criticism, Qadhafi eventually conceded demands and introduced a series of limited liberalizing measures culminating in the 1988 reform package and the General Congress' 1990 "Revolutionary Program."¹¹ However, many of these policies were ultimately not implemented. Economic liberalization in Libya during the late 1980s and early 1990s was largely restricted to

⁴ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63.

⁵ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63.

⁶ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63.

⁷ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63.

⁸ Dirk Vandewalle, "Libya's Revolution Revisited," MERIP Middle East Report No. 143 (November/December 1986): 30-35+43.

⁹ Even though large subsets of the population lost their business and that political institutions were becoming increasingly repressive, domestic audiences remained relatively mollified so long as the government was able to continue to maintain the substantial welfare system it established and funded using the regimes extensive oil revenues. See Dirk Vandewalle, *A History of Modern Libya*, 2nd ed. (Cambridge: Cambridge University Press, 2012) 137.

¹⁰ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63.

¹¹ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 52-53.

the partial privatization of small businesses within the consumer goods and service sector and the regime was able to retain its control and influence over all other sectors of the economy.¹²

Following the United Nations withdrawal of sanctions in 1999, domestic audiences again began to agitate for increased economic liberalization.¹³ The regime was initially hesitant, however starting in 2000 they became increasingly responsive to domestic demands and began to take reluctant steps towards liberalization. Between 2001 and 2003 the regime introduced a limited series of liberalizing steps. Policies included unifying the exchange rate, passing the Free Trade Act of 1999,¹⁴ increasing transparency of economic policy¹⁵ and cutting the duty rate by 50%.¹⁶ However, these measures were largely taken to increase the competitiveness of Libyan firms and increase foreign investment. The regime had not yet substantially expanded privatization since the limited attempts in the late 1980s and early 1990s. In early 2003 the regime still retained a strong grasp over most of Libya's economy.¹⁷

Nevertheless, pressures for privatization from domestic audiences continued to mount. In June 2003, Qadhafi gave a speech declaring the public sector a failure.¹⁸ Soon thereafter the regime published a list of 360 state-owned enterprises targeted for privatization or liquidation.¹⁹

¹² Vandewalle, "The Limits of Revolution, 1986-2000," *A History of Modern Libya*.

¹³ With sanctions easing, the regime lost its source of political cover to justify ongoing economic instability and shortfalls. This led to an increase in demand for economic openness and privatization.

¹⁴ The Free Trade Act of 1999 created a legal framework to facilitate establishing offshore free trade zones in Libya which would promote exports and technology transfer agreements. See Ronald Bruce St. John, "The Changing Libyan Economy: Causes and Consequences," *Middle East Journal* 62, no. 1 (Winter 2008): 81.

¹⁵ For example, the regime accepted obligations under article VIII of IMF articles of agreement and released IMF consultations calling for expansive structural reforms, improved macroeconomic management, the removal of trade barriers and price subsidies. See Vandewalle, *History of Modern Libya*, 185.

¹⁶ See Vandewalle, *History of Modern Libya*, 185.

¹⁷ For example, while officials publicly promoted liberalization, oil still accounted for 95% of exports and foreign stakeholders continued to face substantial obstacles barring investment, including inadequate legal protections, ambivalence towards foreign workers and a shortage of Libyan private sector business partners. See St. John, "The Changing Libyan Economy: Causes and Consequences," 81.

¹⁸ In his speech, Qadhafi went so far as to suggest that the regime's oil sector should be privatized.

¹⁹ St. John, "The Changing Libyan Economy: Causes and Consequences," 81.

Another major reform was the appointment of Shukri Ghanam to the post of Secretary General of the General People's Committee.²⁰ Libyan efforts in privatization accelerated once the regime announced its decision to relinquish its WMDs, ultimately leading to the United States easing sanctions pressure.²¹ Over the next three years the regime implemented a series of policies aimed at expanding privatization and opening up the economy to foreign investment. Policies included easing visa requirements²², tax reform²³, and lifting customs tariffs on 3500 import commodities.²⁴

During this brief period of decentralization, the regime's firm grasp over the economy began to slip (a little) and the state ownership of the economy became (slightly) less absolute. Nevertheless, the regime continued to control most of the economy. For example, as of March 2005 IMF estimates placed 75% of employees as working in the public sector and private investment at around 2% of GDP.²⁵ Moreover, increased movement towards liberalization had begun to have some negative consequences for the disenfranchised during this period and starting in 2005, some subsets of the population had begun pushing back against these policies. The regime decisions to raise fuel costs by 30% and to double the price of electricity for consumers using more than 500 kilowatts per month were heavily criticized.²⁶ To compound matters, because of the regime's attempt to downsize the public sector, Libya was facing an escalating unemployment problem combined with a low rate of job creation and high levels of

²⁰ Alison Pargeter, *Libya: The Rise and Fall of Qaddafi*, (New Haven: Yale University Press, 2012), 210. The Secretary General of the General People's Committee is a post equivalent to Prime Minister.

²¹ St. John, "The Changing Libyan Economy: Causes and Consequences," 81.

²² St. John, "The Changing Libyan Economy: Causes and Consequences," 83.

²³ Vandewalle, "The Limits of Revolution, 1986-2000," *A History of Modern Libya*.

²⁴ St. John, "The Changing Libyan Economy: Causes and Consequences," 83.

²⁵ St. John, "The Changing Libyan Economy: Causes and Consequences," 81.

²⁶ St. John, "The Changing Libyan Economy: Causes and Consequences," 83.

population growth.²⁷ By 2006, increased criticism of liberalization ultimately led the regime to slow the process to a trickle, effectively suspending any movement towards privatization.²⁸

²⁷ St. John, "The Changing Libyan Economy: Causes and Consequences," 80.

²⁸ St. John, "The Changing Libyan Economy: Causes and Consequences," 82.

Appendix 6.2: Dependent Variables: Systemic Repression, Targeted Repression, and Public Goods

Here I unpack Libya's domestic policy choices beyond Patronage and explore their evolution during the period when sanctions were imposed.

Systemic Repression

The regime relied little on systemic repression during the early years of the revolution. The coup was bloodless, and members of the Revolutionary Command Council were young and idealistic. The regime's primary focus during this period was to consolidate their military and political power, and their early policies such as realigning Libya's foreign policy, ending corruption, and ensuring an equitable distribution of oil revenues were genuinely popular. Popular support allowed the regime to avoid heavy reliance on repressive policies, although some repressive policies were still implemented, including a ban on private banking in 1970¹ and the prohibition of political parties and opposition groups in 1971.²

Things began to change in 1973 after Qadhafi launched his "popular revolution." This was aimed at motivating popular support for the regime and elevating Qadhafi as the voice of the people while suppressing dissent within the RCC itself.³ The stated goal of the revolution was to empower the people in the management of their affairs. Qadhafi initiated a process that

¹ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63.

² Christopher M. Blanchard, "Libya: Background and U.S. Relations," Congressional Research Service Report for Congress Order Code No. RL33142 (August 6, 2008), 20.

³ According to his April 15 speech, Qadhafi's plans included and encourage greater levels of populism, strike out all reactionary laws, purge the politically sick and deviant counterrevolutionary forces (communists, capitalists, and the Muslim Brotherhood), arm the masses, and restructure the bureaucracy and lead a cultural revolution. See Dirk Vandewalle, "Qadhafi's 'Perestroika': Economic and Political Liberalization in Libya," *Middle East Journal* 45, no.2 (Spring 1991): 221.

ultimately centralized virtually all socioeconomic and political sectors under the state and therefore his control. While not all these policies were obviously repressive, many had systematically negative implications for large segments of the population and signified a substantial expansion of the state's repressive machine. For example, one of the central policies instituted in the first wave of reforms in 1973 was Qadhafi's introduction of the People's Committee System. Ostensibly, the purpose of these committees was to serve as a form of direct, consultative democracy, with the committees empowered to take over the formal instruments of power at all levels of government. These committees allowed Qadhafi to circumvent any potential political competition, reduce the power of the RCC, and ensure that the opposition was contained in a manageable arena under his control. His institution of Law 78, prohibiting all political opposition outside the formal committee system, did not just prohibit the formation of political parties. It further formalized his repression of political rights.⁴ Soon thereafter, the committees expanded on Qadhafi's repressive policies by censoring writers and seizing control of radio and television outlets.⁵

Qadhafi again expanded his use of Systemic Repression during the latter half of the 1970s after the failed coup attempt of 1975. Immediately after the coup failure, several members of the RCC fled the country, leaving Qadhafi the undisputed, unrestrained leader of Libya. After consolidating power, Qadhafi dramatically expanded his use of all types of repressive policies. Qadhafi's establishment of the Revolutionary Committee system was a particularly important step.⁶ The Revolutionary Committees, like the People's Committees, also took on an administrative role but whereas the People's Committees enacted policies established by the

⁴ Vandewalle, "Qadhafi's 'Perestroika'," 220.

⁵ Unverified reports suggest that ceremonial book burnings were held. Anthony McDermott, "Qaddafi and Libya," *The World Today* 29, no. 9 (September 1973): 398-408.

⁶ Vandewalle, "Libya's Revolution Revisited," 32.

People's Congressional system and answered directly to the People's Congresses, the Revolutionary Committees answered directly to the revolutionary authority. That is, to Qadhafi and his cohort.⁷

Many of the functions of the Revolutionary Committee are best classified as Targeted Repression, as discussed below, but the creation and use of Revolutionary Committees should be seen as a systemic policy for several reasons. Although they were often employed to enact Targeted Repression, the very construction of a state institution to distribute such a policy is a systemic action. This implies a degree of forethought, a sense of longevity, and it empowers the agent to employ repressive means with some independence. At times the revolutionary committees actively used repression in a more systemic manner. For example, by the late 1970s Qadhafi had grown increasingly concerned that the People's Committees had become too focused on parochial interests, so through intimidation and coercion revolutionary committee members enforced Qadhafi's agenda at local meetings.⁸ In this form, repression was more systematic than targeted because it was applied in a consistent manner in response to specific actions, rather than targeting individuals in an *ad hoc* fashion. Finally, as I discuss below, the committees formed part of the state's legal infrastructure as a sub-component of the Revolutionary Committees evolved into a Revolutionary Court system.⁹

During this period, the regime also introduced new economic policies that were repressive in their ends, if not their means. In 1978 the regime prohibited the ownership of private property, outlawed the collection of rental payment, and restricted each family to owning

⁷ Nathan Alexander, "The Continuous Revolution," *Middle Eastern Studies*, 17, no.2 (April 1981): 222.

⁸ Vandewalle, "Libya's Revolution Revisited," 32. Although the hunting of dissidents abroad did not begin until 1980.

⁹ The Revolutionary Committees were an exercise in both targeted and systematic repression. Some of the policies they used to implement, including enforcing Qadhafi's agenda and functioning as a sort of legal institution, took on characteristics of systemic revolution. However, Qadhafi's other uses for the committees, such as hunting dissidents within and without the regime better exemplified Targeted Repression.

one dwelling.¹⁰ Other economic policies that ultimately had negative implications for large subsets of the population included the imposition of new employment laws¹¹ and the seizure of control over imports and exports.¹² While the political policies were inherently repressive, many of the economic strategies focused on economic restructuring and even attempted to empower workers. However, their effects had a substantial, systematic, and negative impact on the daily lives of the Libyan population.¹³ Because the regime rapidly restructured the economy, they effectively shocked the population, gutted the private sector, and left an entire class of businessmen and merchants bereft and playing the role of “passive onlooker.”¹⁴

Libya continued its expansion of systemic economic and political repression through most of the 1980s as the pressure from sanctions mounted and oil prices rose. Beyond continuing and expanding upon his previous political strategies, Qadhafi also systematically repressed the migrant worker population within Libya.¹⁵ During this period, the regime also transformed elements of the Revolutionary Committee system into a Revolutionary Court System that usurped the traditional legal system, thus securing a forum to try dissidents for political crimes, often in secret sessions.¹⁶ Qadhafi’s economic strategy also evolved during this period. During the early 1980s, he continued his attempts at economic restructuring, including

¹⁰ The Library of Congress Country Studies, “Libya Housing,” *CIA World Factbook*.

¹¹ Vandewalle, “Qadhafi’s ‘Perestroika,’” 219-220 and Altunisik and Altunisik, “A Rentier State’s Response to Oil Crisis,” 49-63.

¹² Altunisik and Altunisik, “A Rentier State’s Response to Oil Crisis,” 49-63.

¹³ Vandewalle, “Qadhafi’s ‘Perestroika,’” 226-227.

¹⁴ Vandewalle, “Qadhafi’s ‘Perestroika,’” 226-227.

¹⁵ Asteris Huliaras, “Qadhafi’s Comeback: Libya and Sub-Saharan Africa in the 1990s,” *African Affairs* 100, no. 398 (January 2001): 20. He expelled and laid off thousands of workers whenever pressures rose.

¹⁶ Vandewalle, “Qadhafi’s ‘Perestroika,’” 222. Lawyers were prohibited from maintaining a private practice and if they wanted to practice law, they had to work within the revolutionary court system. While the actual targeting of individuals might fall under the classification of Targeted Repression, the creation of this repressive structure should be considered more systematic in nature.

demonetizing the Libyan dollar,¹⁷ destroying records of land ownership,¹⁸ and banning private transactions.¹⁹ However, as costs began to mount, the regime adopted a series of austerity measures to mitigate damages. These policies included cutting imports, imposing austerity on development budgets, decreasing the number of foreign workers, and resorting to non-payment of debts to foreign contractors.²⁰ However, because Libya imported approximately 70% of their food and virtually all their consumer goods, these measures became a significant burden for consumers.²¹

Starting in the late 1980s and lasting into the early 1990s, the Qadhafi regime began to ease their use of Systemic Repression and introduced more liberalizing policies in response to growing domestic unrest.²² In this way, Qadhafi responded to growing criticism by positioning himself as the people's advocate, criticizing the security forces and revolutionary committees for their abuses, decrying the lack of rule of law in *Jamahiriya*, and promoting liberalization.²³ Qadhafi also promised legal redress for previous wrongdoings committed by Libyan authorities,²⁴ many of which came to pass. In 1988 the General People's Council passed the Great Green Charter of Human Rights in the Age of *Jamahiriya* at Qadhafi's urging.

¹⁷ Vandewalle, "Qadhafi's 'Perestroika'," 227.

¹⁸ Lisa Anderson, "Libya's Qaddafi: Still in Command?" *Current History* 86, no. 517 (February 1987): 65-87.

¹⁹ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-50.

²⁰ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 51-52.

²¹ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 51-52. For example, each year the Libyan government would generate a list of consumer goods that they regarded unnecessary and would no longer be importing. Over time, this list began to include relatively basic items such as items such as television sets, air conditioners, radios, furniture, kitchenware, and office equipment. To make matters worse, the Libyan government also started introducing quotas for necessary items and the distribution system began to suffer from severe shortages of foodstuffs. These shortages imposed substantial hardships for consumers.

²² Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 51.

²³ Vandewalle, "Qadhafi's 'Perestroika'," 224. As a new champion of human rights, Qadhafi began advocating that the General People's Congress codify these principles. In a speech in May 1988, he argued that all punishable crimes must be clearly enumerated to halt arbitrary arrests and that revolutionary courts should be abolished, exempting cases involving treason, and replaced them with peoples courts.

²⁴ Vandewalle, "Qadhafi's 'Perestroika'," 224.

Admittedly, the document was ambiguous, provided few real guarantees, and certain important freedoms continued to be withheld including the right to free speech, the right to strike, and the right to form opposition groups.²⁵ Nevertheless, Qadhafi did put some of charter's provisions into practice, such as ensuring that all Libyans received legal counsel.²⁶ Moreover, the regime took a number of other steps to reduce their use of Systemic Repression during this period, such as reopening Libya's borders for free travel,²⁷ reissuing confiscated passports to all Libyans,²⁸ and destroying the police files of individuals collected by Libya's security organizations.²⁹

In addition to easing political repression, the regime introduced a series of economic measures aimed at liberalizing the economy during this period.³⁰ However, starting in the early 1990s, the regime began to suffer from increased financial strain as the pressures from sanctions again mounted and oil profits began to decline. In response, the regime began to slash state expenditures.³¹ The state was particularly focused on reducing healthcare and education costs as

²⁵ Vandewalle, "Qadhafi's 'Perestroika'," 224.

²⁶ Vandewalle, "Qadhafi's 'Perestroika'," 224.

²⁷ Vandewalle, "Qadhafi's 'Perestroika'," 222.

²⁸ Vandewalle, "Qadhafi's 'Perestroika'," 222. The regime delegated confiscation powers to the General Congress rather than police or security services.

²⁹ Vandewalle, "Qadhafi's 'Perestroika'," 222.

³⁰ While most of these measures would be considered either Public Goods or Patronage policies according to my schema it is worth briefly reviewing them. In addition to urging the passage of the Great Green Charter of Human Rights, amongst other things, the regime created a new ministry of justice and demolished Tripoli's central prison. The regime also took steps to liberalize Libya's economic structures. During this period, the regime articulated its basic privatization schema and introduce a timeline for privatization. By August 1988, approximately 140 companies had transformed themselves into self-management companies, reducing state burden. During this same period, the regime worked to reduce injunctions against retail trade and expand markets. By the end of 1988 most light and medium sized enterprises were "privatized." Notably, oil and heavy industry were excluded from this process, and Libya's oil resources account for somewhere between 70 and 99% of Libya's revenue sources during this period. Around this time, Libya's Suqs were reopened, property ownership was legalized, and Qadhafi announced his intent to break up the state's monopoly over imports and exports. Starting in the early 1990s, the regime attempted to establish more of a legal framework for privatization. While they were unable to reverse movement towards liberalization, the regime did begin to introduce a legal framework for privatization in the early 1990s by privatizing banks and SOES and passing a general privatization law as well as passing laws providing guarantees for foreign capital investment, making the dinar fully convertible, and encouraging tourism. See Vandewalle, "Qadhafi's 'Perestroika'," 227 and Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 54-57.

³¹ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 55.

well as the number of people employed by the state, as those budget lines represented over half the state's expenditures.³² Liberalizing the economy and cutting costs while under sanctions might have been necessary to keep the regime afloat. However, it created discord within society and generated criticism from the economic losers. As the welfare system was slowly dismantled, individuals and groups became increasingly concerned with the growing interest and unemployment rates, problems exacerbated by state policies fixing domestic salaries between 150 and 500 dinars, (approximately \$500 US a month).³³ Once again, while the implementation of austerity measures was not necessarily repressive in its goal, it had a systemically negative impact on domestic audiences' welfare.

As the 1990s continued, Libya's deliberate use of Systemic Repression started to grow. As sanction pressure rose, the regime began to increasingly repress and exploit migrant populations.³⁴ Beyond their aggression towards migrant populations, in the mid-1990s the regime started systematically attacking LIFG encampments and engaging with their forces after increased LIFG aggression.³⁵ In addition to engaging in open conflict with the insurgents, the state declared martial law over the eastern provinces of Libya to gain greater control over the region.³⁶

³² Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 55.

³³ Richard Nephew, "Libya: Sanctions Removal Done Right? A Review of the Libyan Sanctions Experience, 1980-2006." *Report of Columbia SIPA Center on Global Energy Policy* (March 21, 2018), 5 and Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 57.

³⁴ Huliaras, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 20-21. For example, in 1995, Libya sent a letter to the UN sanctions committee calling Africans living in Libya 'illegal infiltration' and asked for approval for 2200 air flights to deport them to avoid the hardships and dangers of travel created by air embargo. Although committee rejected request, tens of thousands of foreign workers were expelled.

³⁵ Lisa Anderson, "Rogue Libya's Long Road," *Middle East Report* no. 241 (Winter 2006): 45. Ultimately, the regime dispatched troops to the region and engaged in a drawn-out conflict with the militants, resulting in the arrest of hundreds and death of tens more.

³⁶ Anderson, "Rogue Libya's Long Road," 45.

Libya's initial response to the withdrawal of UN sanctions was to maintain the existing levels of state repression. For example, in April 1999 during a meeting with a Group of People's Committee representatives, Qadhafi categorically rejected the prospects of any future reforms and confirmed that the status quo would be maintained. If anything, Systemic Repression increased. For example, in March of 2000, Qadhafi disbanded the General Political Committees overnight³⁷ and the next year he attempted to initiate a "revolutionary revival."³⁸

Qadhafi was also hesitant to introduce any economic liberalization, however the economic conditions were becoming increasingly concerning. This led Qadhafi to pursue a parallel discourse of condemning investors domestically as 'a handful of speculators and traders' while simultaneously welcoming them to Libya when engaging in international discourse in order to convince the international community that Libya was 'open for business.'³⁹ At a symposium on international trade in Libya, Qadhafi told a group of foreign investors that they were welcome to invest in Libya.⁴⁰ He echoed these sentiments at other conferences and repeatedly spoke of Libya's need to diversify its economy and move away from its overarching reliance on the oil sector.⁴¹

By 2003, Libya began to reduce their use of Systemic Repression substantively and consistently. Several prominent Libyan officials, including Qadhafi, made statements committing themselves to improving Libya's human rights reputation.⁴² While human rights groups were skeptical about Qadhafi's willingness to implement genuine reform, particularly in

³⁷ He abolished some of the institutions' administrative duties all together and reassigned others to the Basic Committees as the regional and local levels. Ultimately, they were reconstituted. See Pargeter, *Libya: The Rise and Fall of Qaddafi* (New Haven: Yale University Press, 2012) 191.

³⁸ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 191.

³⁹ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 191.

⁴⁰ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 191.

⁴¹ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 191.

⁴² Blanchard, "Libya: Background and U.S. Relations," 25-26.

the areas of free expression and association, the regime did take some positive steps. Examples include abolishing the revolutionary courts in 2005,⁴³ introducing legal reforms to improve the protections and rights afforded to citizens,⁴⁴ splitting the general People's Committee of Just and Public Security into two different organs to ensure greater judicial independence,⁴⁵ and establishing a human rights monitoring body.⁴⁶

Targeted Repression

The Qadhafi regime's use of Targeted Repression varied over time conditional on the specific pressures the regime was subject to, including sanctions, rising oil prices, and domestic instability. Generally, the regime relied on more traditional forms of Targeted Repression, such as demotions, arrests, torture, and executions. While there was some variation in the targets of repression over time, they typically included members of the previous regime, communists, capitalists, members of the Muslim Brotherhood and other Islamist organizations, and somewhat ironically, domestic terrorist groups.

The use of Targeted Repression was limited during the early years of the regime. As Anderson notes, "[Qadhafi's] reaction to opposition to his policies was remarkable for its gentleness; he had come to power in a bloodless coup, and for some years after his regime was relatively indulgent about dissent."⁴⁷ The regime's permissive attitude during its early years can largely be credited to their youth and inexperience, and the fact that the regime lacked sufficient legitimacy to "ride roughshod over whatever resistance the coup provoked."⁴⁸ The limited use of

⁴³ Blanchard, "Libya: Background and U.S. Relations," 25-26.

⁴⁴ Blanchard, "Libya: Background and U.S. Relations," 25-26.

⁴⁵ Blanchard, "Libya: Background and U.S. Relations," 25-26.

⁴⁶ Blanchard, "Libya: Background and U.S. Relations," 25-26.

⁴⁷ Lisa Anderson, "Assessing Libya's Qaddafi." *Current History* 84, Issue 502 (May 1985): 197-227.

⁴⁸ Vandewalle, *History of Modern Libya*, 81.

Targeted Repression by the military junta was largely restricted to imposing light prison sentences, exiling monarchists and anti-revolutionary elements,⁴⁹ and expropriating the land of Italian settlers and supporters of the former regime.⁵⁰

The regime's use of Targeted Repression began to expand in 1973 after Qadhafi declared the need for a popular revolution. A key component of this revolution called for "a purge of 'deviationists,' 'sick people' promoting Communism or atheism, or belonging to the Muslim Brethren."⁵¹ This declaration was put into practice thereafter and periodically the regime would undertake waves of arrests and executions of prominent opposition figures.⁵² In addition to arresting and executing opponents, the regime also exploited the People's Committee System to dismiss, demote, transfer, and/or suspend thousands of potential dissidents.⁵³

Following the failed attempted coup in 1975, the regime's use of Targeted Repression expanded dramatically as civilian, military, professional, and technical personnel suspected of disloyalty were removed from the regime's planning institutes and ministries.⁵⁴ In 1977, Qadhafi made a speech in Sabha calling for an intensification of the revolution, including the creation of the Revolutionary Committees.⁵⁵ While these committees fulfilled many roles within the state, in straight-forward and simple terms the revolutionary committee was a paramilitary force consisting of approximately 4000 to 5000 young enthusiasts and "thugs"⁵⁶ who played a policing role within the regime.⁵⁷ Qadhafi deployed them to achieve any of a number of

⁴⁹ Vandewalle, *History of Modern Libya*, 81.

⁵⁰ Vandewalle, *History of Modern Libya*, 92.

⁵¹ McDermott, "Qaddafi and Libya," 404.

⁵² Vandewalle, "Qadhafi's 'Perestroika,'" 221 and McDermott, "Qaddafi and Libya," 406.

⁵³ These individuals included businessmen, academics, government employees, former ministers, members of prominent families and many others. The regime tended to focus on educated individuals from a variety of different political persuasions. McDermott, "Qaddafi and Libya," 406-407.

⁵⁴ Vandewalle, *History of Modern Libya*, 102.

⁵⁵ Alexander, "The Continuous Revolution," 222.

⁵⁶ Vandewalle, "Libya's Revolution Revisited," 32.

⁵⁷ Vandewalle, "Libya's Revolution Revisited," 32.

repressive and/or administrative goals. Most commonly, the Revolutionary Committee members were used to chase down and “physically liquidate” the regime’s “stray dogs,” the Libyan dissidents abroad.

The expansion of Targeted Repression continued throughout the 1980s as the regime increasingly relied on coercive policies rather than loyalty and Qadhafi’s charisma to assure allegiance. During the early 1980s, the military, opposition groups, and foreign dissidents attempted coups on several occasions, and each event was followed by a dramatic spike in arrests. In 1980 alone, several thousand Libyans were arrested for acts of political dissent.⁵⁸ In May 1984, an abortive coup was launched by Libyan exiles with domestic support, and Qadhafi responded with a short-lived “reign of terror.”⁵⁹ Thousands were imprisoned and interrogated, and it is unknown how many were executed.⁶⁰ Libya found itself locked in a downward spiral where Qadhafi’s increasing use of repressive strategies, in combination with worsening domestic conditions, provoked criticism which in turn resulted in even greater repression.

In August of 1986, a prominent Revolutionary Committee member was murdered by regime opponents, and in February 1987 delegates at the General People’s Congress openly criticized a range of regime policies typically considered beyond their purview, including the conflict in Sabha, economic policies, and the excessive aggression of the Revolutionary Committees.⁶¹ The official state press printed stories of this debate, making it the first report of this nature.⁶² Qadhafi responded first by executing nine “opponents” of the regime. Six were reportedly from Islamic Jihad organizations and three hailed from the military.⁶³ Next, Qadhafi

⁵⁸ Alexander, “The Continuous Revolution,” 223.

⁵⁹ U.S. Department of State, *Background Note: Libya*, (Washington D.C.: Bureau of Near Eastern Affairs, October 2007). <https://2001-2009.state.gov/r/pa/ei/bgn/5425.htm> (accessed November 20, 2022).

⁶⁰ U.S. Department of State, “Background Note: Libya.”

⁶¹ Vandewalle, “Qadhafi’s ‘Perestroika’,” 221.

⁶² Vandewalle, “Qadhafi’s ‘Perestroika’,” 221.

⁶³ Vandewalle, “Qadhafi’s ‘Perestroika’,” 221.

announced he would be introducing liberalization measures, or has he described it, “a Revolution within a Revolution.”⁶⁴

Throughout the late 1980s and early 1990s, the Qadhafi regime eased their use of Targeted Repression and introduced liberalizing policies. Qadhafi repeatedly condemned the Revolutionary Committees as overzealous and power-hungry and stripped them of many of their core functions within their police and security mandates.⁶⁵ The regime further created a new Ministry for Mass Mobilization and Revolutionary Leadership, to take over several functions from the Revolutionary Committees thereby further restricting their domain.⁶⁶ Qadhafi took additional steps to roll back the regime’s use of repression, including demolishing Tripoli’s central prison and the release of hundreds of political prisoners.⁶⁷

The reduction in the use of repressive policies continued through the early 1990s. However, following another attempted coup in 1993, Qadhafi once again reversed himself and began again to intermittently purge the military and eliminate his potential rivals.⁶⁸ Intermixed with these purges were periodic reassignments of military and security officials. Reassignments and purges helped coup-proof the military by limiting their capacity to network and organize,⁶⁹ and these policies continued until the cessation of sanctions in 1999.

Beginning in 2000, Qadhafi again began to reduce his use of Targeted Repression as domestic demands for economic and political liberalization began to rise following the withdrawal of UN sanctions. However, these attempts were limited. They included dismantling the Revolutionary and People’s Courts in 2005, thereby undercutting the organizations

⁶⁴ Vandewalle, “Qadhafi’s ‘Perestroika,’” 221.

⁶⁵ Vandewalle, “Qadhafi’s ‘Perestroika,’” 224. This was done in a matter of months.

⁶⁶ Vandewalle, “Qadhafi’s ‘Perestroika,’” 224.

⁶⁷ U.S. Department of State, “Background Note: Libya” and Vandewalle, “Qadhafi’s ‘Perestroika,’” 224.

⁶⁸ U.S. Department of State, “Background Note: Libya.”

⁶⁹ U.S. Department of State, “Background Note: Libya.”

responsible for enacting many of the repressive policies,⁷⁰ and allowing Human Rights Watch to tour Libya.

Public Goods

The Qadhafi regime's use of Public Goods also evolved considerably over time. Qadhafi frequently altered when and how Public Goods were distributed contingent on the different domestic and international pressures the regime was facing. Perhaps more interestingly, the regime easily shifted between the types of Public Goods employed.⁷¹ While the regime initially relied primarily on the dispersal of General Public Goods rather than Core Public Goods, by the late 1980s demand for change had grown so adamant that the regime reluctantly conceded and took some hesitant steps towards political liberalization. However, by the mid-1990s much of this limited progress was either paused or reversed. Starting in the early 2000s, following the withdrawal of sanctions, the regime began to expand their use of Public Goods again, but their implementation was hesitant and choppy. In what follows, I explore the variation in these trends over time.

When Qadhafi and the Free Officers seized power in the 1969, their clearly stated goal was to erect a stateless society.⁷² However, the young regime quickly realized that it was impractical for rentier states to surrender the reins of governance to domestic audiences when the

⁷⁰ U.S. Department of State, *Background Note: Libya*.

⁷¹ Public Goods can be conceptualized of as two types of policies, Core Public Goods and General Public Goods. Core Public Goods are universal policies that provide the most important welfare enhancements. Examples include civil liberties, political rights, transparency, peace, and prosperity. In contrast, General Public Goods are secondary in nature and vary more with tastes and preferences across specific countries. Examples of these policies include public healthcare, public education, social security, and free markets; Bueno de Mesquita, *et al.*, *Logic of Political Survival*, 278.

⁷² Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63 and Vandewalle, *History of Modern Libya*, 7.

state's economic structure forced domestic audiences to depend on government support.⁷³ Over the next three years the regime nationalized Libya's oil resources and used the increased revenue to dramatically expand state intervention in Libya's economy. By increasing the role of the state and guaranteeing that each Libyan family had access to a house, a car, and other essentials,⁷⁴ the regime ensured continued goodwill from the Libyan people so long as the economy was robust.

The expansion of Public Goods was particularly dramatic during the initial post-coup period (1969-1973). In 1969 the regime wrote a constitution identifying the RCC as the highest political authority and empowering them to appoint a council of ministers,⁷⁵ although by 1970 all ministries were run directly by the RCC.⁷⁶ In 1971, the regime also made its first (failed) attempt at popular rule as Qadhafi constructed a popular congressional system, parliament, and presidency.⁷⁷ The regime also strove to improve the lives of working Libyans during this period by raising the minimum wage and dramatically expanding public employment. More specifically, the regime transformed the military into a major employment outlet for young Libyans and a channel for social advancement. Recruitment skyrocketed as the size of the military almost doubled overnight.⁷⁸ Beyond military expansion, the regime dramatically

⁷³ Approximately 90% of the state's revenue was derived from oil exports which accrued to the state through, at the time, arrangements with foreign companies and later state-owned enterprises. Failing to provide economic support would leave the state's population hopelessly adrift. See Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63 and Vandewalle, *History of Modern Libya*, 7.

⁷⁴ Anderson, "Rogue Libya's Long Road," 42-47.

⁷⁵ Vandewalle, *History of Modern Libya*, 82.

⁷⁶ Exempting the Ministry of Oil due to lack of expertise. See Vandewalle, *History of Modern Libya*, 82.

⁷⁷ Vandewalle, *History of Modern Libya*, 82. Qadhafi announced that popular congresses would be formed who would appoint representatives to the country's parliament, which would, in turn, elect a president. The system never came fully into fruition. The regime later engaged in other forms of institution building. For example, they later established the Arabic Socialist Union which eventually transformed into the People Congressional System, the People's Committee Systems, and the Revolutionary Committees. These institutions facilitated engagement and provided some space for popular policy making. However, unlike the regimes initial attempt at forming the popular congress and presidency, these later institutions facilitated repression and were instrumental in surveilling and suppressing of domestic audiences. Therefore, I hesitate to call these later institutions a public good as they were not fundamentally cooptative.

⁷⁸ The army doubled in size during this period. Vandewalle, *History of Modern Libya*, 82.

increased the number of public sector jobs⁷⁹ while also raising the minimum wage.⁸⁰ Starting in the 1970s, the regime also introduced several policies regulating both workplace conditions and gender bias in the workplace. Examples include equal pay for equal work, promoting greater emphasis on qualifications, and providing a range of benefits aimed at increasing the number of women in the workplace, including free childcare and pension entitlements.⁸¹ More generally, government expenditures as a share of GDP rose considerably⁸² as the regime significantly increased spending on literacy, health care, and education.⁸³

The regime's reliance on Public Goods dispersal continued to steadily increase during the 1970s. During this time, Qadhafi relied primarily on economic strategies and was particularly focused on economic development and establishing a welfare system. The regime advanced a series of three and five-year plans aimed at redirecting investment into the non-oil sectors and improving infrastructure throughout the state during this period.⁸⁴ Prior to the 1969 coup, Libya lacked much in the way of basic hygiene, housing, transportation, water, and telecommunication infrastructure, so the state prioritized investment in these areas.⁸⁵ For example, the regime sponsored a huge number of construction projects throughout the 1970s and into the 1980s, including expansive housing projects and the much publicized Man-Made River Project.⁸⁶ By 1977, Libya's development budget was four times larger per capita than any other country in the

⁷⁹ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63 and Vandewalle, *History of Modern Libya*, 7.

⁸⁰ Vandewalle, *History of Modern Libya*, 82.

⁸¹ Metz, ed., *Libya: A Country Study*.

⁸² Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 49-63.

⁸³ Vandewalle, *History of Modern Libya*, 88.

⁸⁴ Vandewalle, "Qadhafi's 'Perestroika'," 222 and Vandewalle, "Libya's Revolution Revisited," 33. Although these plans had little success.

⁸⁵ Metz, ed., *Libya: A Country Study*.

⁸⁶ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 183.

Arab World,⁸⁷ and per capita income had more than quadrupled in a decade, increasing from just over \$1800 US in 1970 to \$8000 US by 1980.⁸⁸

Beyond investing in economic development, the government also continued to expand the state's welfare system. When the government began to prohibit private enterprise in the latter 1970s, they simultaneously developed an expansive distributional network for foodstuffs and consumer goods. The state established hundreds of state-owned "supermarkets" throughout Libya that, theoretically, provided people with whatever they needed at low prices.⁸⁹ In addition to these policies, the regime continued to invest increasing amounts in healthcare, education, and other welfare programs while increasing the public employment of growing numbers of Libyans. These investments paid off, at least initially. The number of students enrolled in higher education in Libya increased from 3000 in 1969 to 20,000 in 1976, an almost seven-fold increase,⁹⁰ and by 1987 the state was employing approximately 70 to 75 percent of Libyans.⁹¹

In addition to the regime infiltrating virtually all corners of the Libyan economy, the government heavily employed propaganda to communicate their political message during this period.⁹² Probably the most noteworthy example was the publication of Qadhafi's *Green Book*. Many of the statements contained in the *Green Book* were catchy and became slogans and advertisements that the regime distributed throughout Libya, such as "partners, not wage-earners" and "a house for those who live in it."⁹³

⁸⁷ For example, by 1977 the regime's development budget was four times higher per capita than any other regime in the Middle East. See Vandewalle, "Qadhafi's 'Perestroika'," 222 and Vandewalle, "Libya's Revolution Revisited," 33.

⁸⁸ Vandewalle, "Libya's Revolution Revisited," 3-6.

⁸⁹ Metz, ed., *Libya: A Country Study*, 49.

⁹⁰ Vandewalle, "Libya's Revolution Revisited."

⁹¹ Vandewalle, *History of Modern Libya*, 192.

⁹² Propaganda should be thought of as a public good because it is generally distributed in a non-discriminant manner (to the masses) and is cooptative versus coercive.

⁹³ A possibly more bizarre form of propaganda was Qadhafi's frequent resignations and withdrawals from political life, particularly during the early days of the regime. In McDermott's words, "[they] are in part attempts to

As export revenues collapsed in response to declining oil prices and US sanctions in the early 1980s, the regime began imposing austerity measures, restricting the dispersal of Public Goods. Some major infrastructure projects were halted, and imports were reduced causing limited access to food and other basic goods.⁹⁴ Frustration, combined with the mounting human costs of the war with Chad, ultimately led to rising domestic instability and public criticism of the regime. Tensions finally reached a breaking point when the delegates at the 1987 General People's Congress openly called for reform and criticized the regime's economic and foreign policies as well as the actions of the revolutionary committees.⁹⁵ In the face of growing disapproval, Qadhafi introduced a series of reforms aimed at politically and economically liberalizing regime policy using Public Goods and Patronage.

During this period, the regime initially focused on liberalizing its political policies. Qadhafi pushed the General People's Congress to adopt The Great Green Charter of Human Rights.⁹⁶ While the language in the charter was ambiguous, Qadhafi did attempt to implement several of the provisions, such as extending legal representation to all Libyans. However, he continued to deny the need for important core Public Goods, like the right to free press and the right to strike. During this same period, the regime also demolished Tripoli's central prison.⁹⁷ In 1989, Qadhafi further attempted to revamp Libya's legal infrastructure by creating the Ministry of Justice.⁹⁸

shock the Libyans into a realization of the fate of the revolution without them unless they make some effort themselves, and in part to underline his position outside the formal government." See McDermott, "Qaddafi and Libya," 404-405.

⁹⁴ Vandewalle, "Qadhafi's 'Perestroika'," 224.

⁹⁵ Vandewalle, "Qadhafi's 'Perestroika'," 225 and Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 51. It is unclear how spontaneous or unscripted the delegates' criticisms were. According to Vandewalle, the specificity and sophistication of the delegates' statements suggested that the regime had pre-approved said statements prior to the meeting. See Vandewalle, *History of Modern Libya*, 142.

⁹⁶ Vandewalle, "Qadhafi's 'Perestroika'," 224.

⁹⁷ Vandewalle, "Qadhafi's 'Perestroika'," 224.

⁹⁸ Vandewalle, "Qadhafi's 'Perestroika'," 224.

Starting in the late 1980s, the regime began liberalizing certain elements of Libya's economy.⁹⁹ However, in the absence of a strong economic infrastructure the number of losers far exceeded the numbers of winners and corruption ran rampant, culminating in a flourishing black market for goods and currency.¹⁰⁰ Rather than rolling back these policies, in 1990 the General People's Congress adopted a "revolutionary program" that introduced several economic Public Goods aimed at building a stronger economic infrastructure to support the Libyan economy.¹⁰¹ Some of these policies included establishing commercial banking and joint stock companies, liberalizing property rights and wholesale trade, and passing a general privatization law.¹⁰²

The General People's Congress passed numerous laws privatizing Libya's economy, liberalizing the financial system, and expanding private ownership and trade. However, despite these efforts, most of the laws were never fully implemented, and few were willing to invest in Libya's uncertain economy.¹⁰³ *Tashrukiyya* enterprises never operated as intended, commercial banks were largely nonfunctional, and the state never truly withdrew from the economy.¹⁰⁴ Despite the General People's Congress's demands, pleas, and policymaking, economic liberalization was simply a smokescreen that the Libyan government exploited. As Dirk Vanderwalle's explains:

On the surface, the number and range of measures suggested in adopted would have made the Libyan *infatih* one of the most dramatic in the region's

⁹⁹ Many of the policies introduced during the regime's initial *Infatih* are best described as private goods because they benefited specific groups and individuals through more divisionary policies. These policies included a 1988 reform package that called for cooperative ownership of productive enterprises called *tashrukiya* to replace state ownership of small and medium scaled industries, privatization of the retail and service sectors, and abolishment of the state monopoly over export-import of consumer goods. See Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 52-54.

¹⁰⁰ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 53.

¹⁰¹ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 54.

¹⁰² Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 54.

¹⁰³ Vandewalle, *History of Modern Libya*, 165.

¹⁰⁴ Vandewalle, *History of Modern Libya*, 165.

history of economic reform during the 1980s and 1990s...The reality, however, contrasted sharply with the prosed intentions...the liberalization waves' impact could perhaps best be described as subterfuge – where a newly hesitating, newly created private sector was allowed to provide and distribute what the state, through its inefficient distribution system of state supermarkets, could not deliver to Libyan citizens, leaving the state in charge of the distribution of welfare provisions.¹⁰⁵

As the 1990s pressed on, economic and political instability again began to increase and international economic pressures forced the regime to reevaluate its budget, ultimately leading them to roll back spending on Public Goods, particularly within the health and education sectors. Simultaneously, the regime began to substantially scale down the number of government employees.¹⁰⁶ This hit people hard as an estimated 70 to 75% of Libyans were employed by the state.¹⁰⁷ The regime also dramatically cut investments in infrastructure and construction projects throughout this period.¹⁰⁸ Regime respect for civil liberties also declined, as rising threats of terrorism led the regime to implement martial law in the Eastern provinces and Targeted Repression expanded dramatically in response to multiple attempted coups.¹⁰⁹ These dynamics continued until the early 2000s.

The end of UN sanctions led to growing demands for political liberalization. Qadhafi however was obdurate and refused. He then exacerbated frustrations in early 2000 by dissolving the General People's Committee overnight.¹¹⁰ In 2001, Qadhafi tried to motivate audiences by initiating a "revolutionary revival" to little success.¹¹¹ Starting in 2003, Qadhafi conceded and provided some limited reform through a series of economic and political measures that mostly

¹⁰⁵ Vandewalle, *History of Modern Libya*, 166.

¹⁰⁶ Altunisik and Altunisik, "A Rentier State's Response to Oil Crisis," 53-54.

¹⁰⁷ Vandewalle, *History of Modern Libya*, 163.

¹⁰⁸ Huliaras, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 5-25.

¹⁰⁹ U.S. Department of State, "Background Note: Libya."

¹¹⁰ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 191.

¹¹¹ Pargeter, *Libya: The Rise and Fall of Qaddafi*, 191.

took the shape of Public Goods. Economic liberalization included unifying the dual-rate exchange system, increasing transparency, opening oil exploration to foreign firms, and accepting a role for the International Trade Organizations such as the IMF in Libya.¹¹² The regime also extended Public Goods within the political domain by abolishing the political and revolutionary courts, establishing a quasi-independent free press,¹¹³ and by splitting the People's Committee of Justice and Public Security, thereby ensuring greater judicial independence.¹¹⁴

¹¹² Pargeter, *Libya: The Rise and Fall of Qaddafi*, 191-192.

¹¹³ It was started by Saif al-Islam Qadhafi, but run by Suleiman Dogha, a former dissident who had fled Libya.

¹¹⁴ Blanchard, "Libya: Background and U.S. Relations," 25-26 and Pargeter, *The Rise and Fall of Qaddafi*, 192-200.

Appendix 6.3: Adding Complexity: Militarized Conflict and Third-Party Actors

Militarized Conflict

Interstate Conflict

During the sanctioning period, Libya engaged in several interstate conflicts. These conflicts took two forms: Libyan adventurism in Africa and a series of skirmishes with the United States around the Libyan border. Throughout most of his rule, Qadhafi maintained a disproportionately strong military and utilized it to pursue an interventionist foreign policy. This was particularly true during throughout the 1970s and into the mid/late 1980s when Libya's oil wealth was still substantial and the regime was at the height of its influence.¹

Qadhafi intervened in other nations' internal politics by providing either significant financial or military assistance, usually directed towards liberation or opposition movements.² Libya provided financial support to anti-colonial, separatist, and Islamist movements, and reportedly supported terrorist and insurgent operations.³ Qadhafi also provided either financial or military aid to numerous Sub-Sahara African countries, including Idi Amin in Uganda and Charles Taylor in Liberia.⁴ Qadhafi's most extensive and significant intervention was in Chad on behalf of the Northern Liberation Front. While Libya was initially just involved in the formation of the rebel organization, Qadhafi expanded their involvement in the mid-1980s to include broad financial and military support and large-scale involvement of Libyan armed forces.⁵ Ultimately, the Libyan military withdrew in 1989 after Qadhafi concluded an agreement

¹ Huliaras, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 6.

² Huliaras, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 5-25, 6.

³ Blanchard, "Libya: Background and U.S. Relations," 25-26.

⁴ Huiliaris, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 7.

⁵ Huiliaris, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 8.

with Chad.⁶ By the late 1980s, continuous conflict had caused rising levels of domestic discontent and Libyan troops began to withdraw.⁷

The United States accused Libya of running terrorist training camps and providing support to a variety of terrorist organizations including the Abu Nidal organization, the Red Army Faction, the Popular Front for the Liberation of Palestine-General Command, and the Irish Republic Army.⁸ While Qadhafi played offense in most engagements throughout Africa, he largely played defense in any direct engagement with the United States. Key events included skirmishes in the Gulf of Sidra⁹ and the US attacks on suspected terrorist training camps, airfields, and Qadhafi's headquarters, leading to the alleged death of Qadhafi's adopted daughter.¹⁰ Despite Qadhafi's defensive position, these engagements were typically embedded in a larger series of assassination attempts (by both sides), terrorist attacks, and homicides often targeting US officials.¹¹

Intrastate Conflict

Somewhat ironically, during the mid-1990s, Libya began to face a rising militant Islamist opposition movement.¹² Jihadist cells first emerged in the 1980s, and the Libyan government believed they had effectively quashed their growth following a series of mass arrests of

⁶ Huliaras, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 9.

⁷ Huliaras, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 9.

⁸ Blanchard, "Libya: Background and U.S. Relations," 25-26.

⁹ In August of 1981, US Navy F-14s shot down two Libyan fighter jets after the jets fired upon them. Libya claimed that the US Navy F-14s were in their territorial waters. Later, in March of 1986, the US Sixth Fleet challenged Qadhafi's territorial claims in the Gulf of Sidra by crossing his "Line of Death." This challenge provokes a Libyan attack leading to the sinking of two Libyan patrol boats. See Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered*,

¹⁰ This took place on April 15, 1987, in response to Libya's complicity in the terrorist bombing of a West Berlin discotheque. See Hufbauer, *et al.*, "Cases 78-8 and 92-12," *Economic Sanctions Reconsidered*.

¹¹ See Hufbauer, *et al.*, "Cases 78-8 and 92-12," *Economic Sanctions Reconsidered*.

¹² Alison Pargeter, "Openness Is Tricky." *The World Today* 60, no.6 (June 2004): 18-19.

suspected Islamists in 1989.¹³ However, a new organization started appearing on Libya's radar in 1995, after its central players gained extensive training during the Soviet invasion of Afghanistan. The new Libyan Islamic Fighting Group (LIFG) established its base in the highly conservative eastern regions,¹⁴ and had close ties to Al Qaeda as well as other international jihadist groups. According to State Department reports, the LIFG attempted to assassinate Qadhafi and may have been involved with the May 2003 suicide bombings in Casablanca.¹⁵ Qadhafi responded by launching a brutal, repressive campaign to eviscerate the LIFG as well as some of its more moderate, underground Islamist opposition.¹⁶ By 1998, Qadhafi had made substantial inroads in degrading the organization's capacity, which was further weakened in 2001 when the United States froze its assets under Executive Order 13224 and formally declared it a terrorist organization in 2004.¹⁷ By 2007, the LIFG had merged with al Qaeda.¹⁸

Third Party Actors: UN, African Union, OAUPEC

The United Nations and other Sanctioning Countries

While the United States was the major sender of sanctions during the period under investigation, other entities and actors were also active during this time including the United Kingdom, France and the United Nations.¹⁹ France initially imposed targeted sanctions in 1980

¹³ Alison Pargeter, "Libya: Reforming the Impossible?" *Review of African Political Economy* 33, no. 18 (June 2006): 219-235.

¹⁴ Nephew, "Libya: Sanctions Removal Done Right?"

¹⁵ Blanchard, "Libya: Background and U.S. Relations," 25-26.

¹⁶ Pargeter, "Libya: Reforming the Impossible," 219-235.

¹⁷ Blanchard, "Libya: Background and U.S. Relations," 25-26.

¹⁸ Blanchard, "Libya: Background and U.S. Relations," 25-26.

¹⁹ Other countries, including Canada and Italy also imposed sanctions prior to the imposition of UN multilateral sanctions in 1992, however these were much more limited in scope. See Hufbauer *et al.*, *Economic Sanctions Reconsidered*.

after demonstrators sacked its embassy in Libya²⁰ and later expanded their unilateral sanctions to include an oil embargo in 1986.²¹ The United Kingdom imposed sanctions in 1984 following the murder of a British police officer inside the Libyan embassy.²² Neither the UK nor France imposed additional substantial sanctions until 1992, when they participated in the UN protocol.²³

Third Party Support for Libya

Third-Party supporters of Libya broadly fall into two categories: support for Libya prior to UN sanctions and support for Libya during UN sanctions. Prior to UN sanctions, some states attempted to “sanctions-bust,” or provide support to Libya following the US imposition of comprehensive sanctions. For example, on the economic front, a trade mission representing fourteen private companies from Belgium and Luxembourg visited Libya in January, 1986 offering to replace American businesses if the United States imposed comprehensive sanctions.²⁴ On the diplomatic front, the Islamic Conference passed a resolution condemning US aggression and calling on its members to take all appropriate countermeasures.²⁵

While third party support prior to UN sanctions was limited, as the sanctions regime grew more expansive with the imposition of UN targeted sanctions so too did third-party attempts at sanctions busting. During the 1990s, sub-Saharan African countries adopted an adamantly pro-

²⁰ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 15. Sanctions included banning sales of new weapons systems and withdrawing its ambassador and diplomatic personnel.

²¹ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 3.

²² In response to the murder, the UK broke diplomatic relations with Libya, banned arms exports, and restricted government export credit guarantees. See Hufbauer *et al.*, “Case 78-8 and 92-12,” *Economic Sanctions Reconsidered*.

²³ In 1988 Pan Am Flight 103 exploded over Lockerbie, Scotland while traveling from London to New York; a total of 270 individuals were killed. One year later, French flight UTA 772 exploded over Niger killing all 169 individuals on board. See Blanchard, “Libya: Background and U.S. Relations,” 8.

²⁴ Hufbauer *et al.*, “Case 78-8 and 92-12,” *Economic Sanctions Reconsidered*. Admittedly this was likely motivated by business rather than political interests.

²⁵ Hufbauer *et al.*, *Economic Sanctions Reconsidered*, 16.

Libyan attitude in response to UN sanctions. In June 1994 the OAU passed a resolution urging the UN to revoke sanctions on Libya²⁶ and OAU leaders continued to criticize UN sanctions during ensuing summits throughout the 1990s.²⁷ The OAU's sanction-busting activities culminated in the passage of a 1998 resolution permitting its members to flout the flight ban.²⁸ In contrast, the Arab countries' response to UN sanctions was more lackluster, although it did grow over time. While there were some flights from Libya to Egypt and Mecca in the mid-1990s,²⁹ the Arab League generally cooperated with the UN sanctions and denied requests to defy sanctions.³⁰ The Arab League did, however, take some measures to alleviate the effects of the sanctions starting in 1997.³¹

Since most of the sanctions busting activity was limited to either defying the flight ban or providing diplomatic support to Libya, the actual economic impact of sanctions busting measures was limited; rather, they served to reduce the credibility of and support for the United Nations, ultimately hastening their suspension.³² Other than this, the various efforts at sanction busting has no significant impact on my predictions.³³

²⁶ Huiliaris, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 13.

²⁷ Huiliaris, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 13.

²⁸ Ian Hurd, "The Strategic Use of Liberal Internationalism: Libya and the UN Sanctions, 1992-2003," *International Organization* 59, no. 3 (Summer 2005): 495-526.

²⁹ Hurd, "The Strategic Use of Liberal Internationalism," 495-526.

³⁰ Huiliaris, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 12.

³¹ Huiliaris, "Qadhafi's Comeback: Libya and Sub-Saharan Africa in the 1990s," 12.

³² Hurd, "The Strategic Use of Liberal Internationalism," 495-526.

³³ Notably, the Belgium-Luxembourg Economic Union did engage in expanding their trade with Libya during the late 1980s, However the economic impact of this sanctions behavior was very limited. See Hufbauer *et al.*, "Case 78-8 and 92-12," *Economic Sanctions Reconsidered*.

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