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How many hands to make sanctions work? Comparing EU and US sanctioning efforts

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A B S T R A C T

One of the core disputes in the literature on economic statecraft addresses the conditions under which multilateral sanctions are more successful than unilateral ones. Our game-theoretic model implies that extant assessments do not sufficiently differentiate between the varying abilities of multilateral and unilateral senders in credibly threatening and carrying out sanctions. We introduce a selection argument that focuses on the complex decision-making process of the European Union (EU) to impose sanctions. In comparison to the United States (US), the institutional structure of the EU and conflicting economic interests of multiple principals make the imposition of sanctions much more difficult. In addition, the international organization is less accountable vis-à-vis the voters. Both mechanisms render sanction threats by the EU less credible. Since the United States as a unilateral sender can issue more credible sanction threats, imposed US sanctions are a negative selection of cases and thus less successful than restrictive measures imposed by the EU. We test these propositions with a new dataset on threatened and imposed sanctions by the European Union and the United States for the period between 1989 and 2015. The empirical evidence demonstrates that EU sanctions are indeed more successful than those by the US. In contrast, US sanction threats are more successful than those by the EU. We provide evidence for the difficulties of multilateral senders to impose sanctions by showing that EU sanctions are both less likely and less severe, the more varied the economic links of the multilateral sender with the sanctioned state are.

Keywords:
Economic sanctions
Multilateralism
EU decision making
Selection bias

1. Introduction

In April 2002, the European Parliament issued a resolution to impose trade sanctions against Israel because of military actions in the Palestinian territories and the Council of the European Union (EU) thereupon discussed restrictive measures over Israel's West Bank offensive (CNN 2002). However, despite initial threats, tensions between Israel and Palestine worsened and sanctions were neither further threatened nor imposed. The United States (US), by contrast, had merely to threaten Kenya in 2012 for its potential busting of sanctions against Iran in order to bring the East African state back in line with the Western sanctions regime: Kenya cancelled "an agreement to import 4 million tonnes of Iranian crude oil per year" (Lough and Miriri, 2012). Conversely, new US sanctions against Cuba in the 1990s, most notably the Helms-Burton Act, re-

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mained without success in destabilizing the authoritarian leadership (Haass, 1997). The hardened stance of the European Union against Iran after 2008, however, contributed to the concessions that the government in Teheran finally made with regard to its nuclear policy in exchange for an easing and suspension of the sanctions (Lohmann, 2016).

In this article, we systematically compare the success of sanctions and sanction threats by the two most important senders of economic sanctions: the European Union and the United States. We show that US sanction threats are more successful than threats by the EU. Yet, once the supranational organization imposes sanctions, these measures tend to be more effective than those by the United States. Studies on the effectiveness of economic sanctions have great difficulties in accounting for the divergent effectiveness of sanction threats and imposed sanctions, as well as for the discrepancies among senders. The nature of these sanctions differs insofar as the EU continues to be an intergovernmental actor in the domain of foreign policy (Bechtel and Schneider, 2010). Although the European Commission, some member states, or the EU's de facto foreign minister, the High Representative of the Union for Foreign Affairs and Security Policy, might propose a sanction, the initiation has to rely on a unanimous decision of the Council of Ministers. We argue that the higher selection threshold for the imposition of EU sanctions makes threats by the supranational organization less credible.

While intergovernmental economic statecraft exerted by the EU is by definition multilateral, the US President can act alone through executive orders or in collaboration with Congress. We assume that having the opportunity to impose unilateral sanctions increases the costs for backing down after a sanction threat and thereby the credibility of respective threats. The inability of the sender to live up to an initial threat is linked to a considerable loss of popularity. This is the reason why Fearon (1994) famously dubbed the electoral costs of imposing sanctions after failed threats *audience costs*. In consequence, imposed US sanctions are a negative selection of those cases where the target is sufficiently strong to stand firm after a threat. The restrictive measures of the North American superpower are thus less successful than equivalent steps taken by the EU. Whereas the economic and military might of the US matters at the threat stage, the power of the EU depends on how unified its interests in the costly sanctions are. We argue that the effectiveness of coercive measures by the supranational organization decreases with the heterogeneity among key member states in the economic interdependence with the targets of threatened and imposed sanctions.

The empirical tests we conduct juxtapose the experiences of the two senders, establishing in line with our argument that the Northern American superpower is more successful in issuing threats than the European Union. However, once the EU agrees to impose sanctions, these measures are more successful than sanctions imposed by the US. We also find in support of our theoretical conjecture that heterogeneity among the most important EU member states in their economic interdependence with the potential target country makes sanctions both less likely and weaker. Our article contributes to the literature on unilateral versus multilateral sanctions through a systematic comparison of the EU and the US sanctions regimes. It highlights that the differences in the decision-making process account for the varying success of sanctions and sanction threats across the two political systems. Addressing this issue is timely since the European Commission, in September 2018, officially proposed to introduce the adoption of sanctions regimes by qualified majority voting to enhance efficient decision-making in the domain of foreign policy (European Commission, 2018). A somewhat counterintuitive result could be that while EU sanction threats thereby become more credible, imposed restrictive measures in turn become less effective.

2. Political and theoretical background

Sanctions are a standard foreign policy tool that states and International Governmental Organizations (IGOs), such as the United Nations and the European Union, use – or threaten to use – against states, organizations, or individuals. The *sender* – or *senders* in case of multilateral sanctions – impose economic costs to prevent a *target* from executing a controversial action or to revoke it in case that such a step has already been taken.[1] Both the threat and the imposition of sanctions are thus strategic moves through which actors attempt to coerce another side into altering its behavior "by means of economic pain" (Cranmer et al., 2014, 5). Practically, economic statecraft can take various forms, ranging from embargoes on arms and related materiel over restrictions on trade to the freezing of funds for individuals and firms close to the targeted government.

The European Union, which has started to use this foreign policy tool frequently since the end of the Cold War, began to impose sanctions in the 1980s and especially in the 1990s in the absence of a United Nations (UN) Security Council Resolution. The Maastricht Treaty entered into force in 1993 and established the legal basis for the imposition of intergovernmental sanctions. An increasing number of coordinated foreign policy decisions through the more informal European Political Cooperation mechanism had preceded the EU sanctions regimes since the early 1970s (Schneider and Seybold, 1997). The supranational organization has become since the early 1990s the most frequent autonomous sender after the United States. Fig. 1 shows the number of imposed sanctions in the post-Cold War era, and Fig. 2 plots the number of ongoing EU, US, and joint EU/US sanctions per year.[2] The data is taken from the EUSANCT Dataset (Weber and Schneider, 2020). In the period

[1] We accordingly distinguish the *ex ante* and the *ex post* usage of sanctions. Ex ante sanctions are akin to deterrence situations in which the sender tries to prevent a target from committing a specific deed, while ex post economic statecraft aims for the annulment of such an action. This definition is similar to Schelling's (1966, 69) classic differentiation between compellence ("a threat intended to make an adversary do something") and deterrence ("a threat intended to keep him from starting something").

[2] Between 2001 and 2005 the United States threatened and imposed sanctions in 75 cases in order to make the target sign a bilateral non-surrender agreement with the US in light of the International Criminal Court Statute. These cases create spikes in the bar plots for the respective period and are thus dropped in order to show the development of the sanction policy of the two actors over time more clearly.

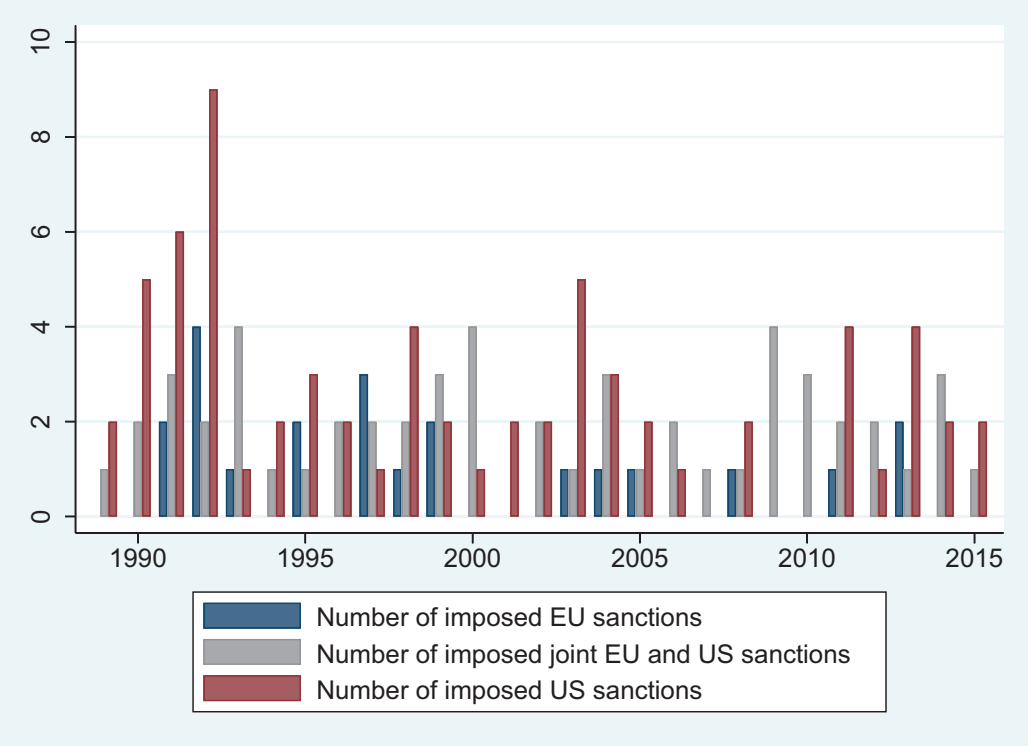

Fig. 1. Number of imposed sanctions by the European Union and the United States.

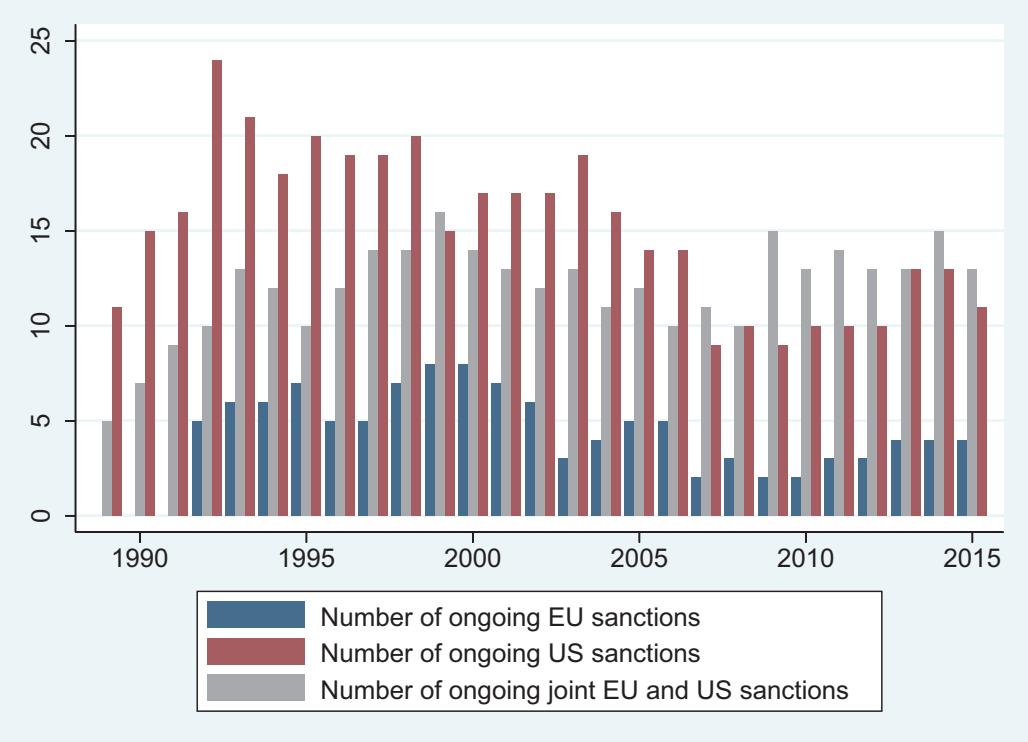

Fig. 2. Number of ongoing sanctions by the European Union and the United States.

from 1989 to 2015, the dataset contains 290 cases in which either the EU, the US, or both senders were involved. The EU issued 66 sanction threats of which 44 sanctions were actually imposed. Moreover, the EU imposed 33 sanctions without a prior threat. In contrast, the US threatened sanctions in 195 instances and imposed 101 of these sanctions plus an additional 65 sanction cases without a prior threat. In 74 cases both the EU and the US were involved in at least one of the two stages: 61 imposed sanctions include a threat, 12 sanctions were imposed without a threat and there is only one case in which both

senders threatened sanctions that were not imposed (EU and US sanction threats against Kenya in 2008). In total, there are 54 cases in which both the EU and the US imposed sanctions.

In comparison to the EU, the US still employs sanctions much more frequently. While there are threatened or imposed US sanctions in 1193 of 5077 potential country-years, comprising 128 target countries, the EU threatened or imposed sanctions in 488 country-years across 63 countries. While one could argue that a comparison of EU and US sanctions is difficult if target characteristics vary between EU and US sanctions, Weber and Schneider (2020) show that countries targeted by the EU and the US overlap considerably and the two senders have a common regional focus. In addition, the intensity of sanctions imposed by the European Union and the United States (i.e. the choice of sanctioning instruments) does not differ at a statistically significant level. Moreover, joint sanctioning efforts by the EU and the US are often well coordinated: see, for example, the sanctions against Russia imposed in 2014 (Christie 2016). Sanctioning efforts by the two Western powers are thus broadly comparable.

2.1. The sanctioning processes of the European Union and the United States

In the United States, the President can impose economic sanctions by declaring a state of emergency (under the National Emergencies Act) and using the International Emergency Economic Powers Act (IEEPA) to regulate economic exchange with the respective target country. Even though Congress has the power to terminate a national emergency, this process is difficult and Congress has never taken the effort to revoke such a presidential action (Casey et al., 2020). In addition, US sanctions can be imposed as a law that is passed through the legislative process in Congress and signed by the President. The intergovernmental decision-making process of the European Union is in sharp contrast to the equivalent process in the United States. EU sanctions are imposed by the Council of Ministers within the Common Foreign and Security Policy (CFSP) and implemented either at the EU level or by the member states through national legislation. There are two unique institutional features of the EU's sanctions policy: first, EU member states cannot impose sanctions individually as the adoption of restrictive CFSP measures is a supranational competence.[3] Second, the decision to impose CFSP sanctions requires unanimity among all member states in the Council.[4] Since the interests of these states are often highly divergent, the decision-making process is complex. A report by the European Commission (2018, 6) notes that, in the beginning of 2017, "a Member State blocked the renewal of the arms embargo against Belarus until all other Member States finally agreed to exempt a certain category of small arms to avoid the embargo expiring altogether". Moreover, in summer 2017, "a Member State blocked the adoption of targeted EU restrictive measures against Venezuela". The Commission thus concludes that adopting CFSP sanctions by qualified majority voting would enhance the efficiency of this decision-making process. Most recently, in September 2020, Cyprus blocked EU sanctions against Belarus and linked its consent to the prior imposition of sanctions against Turkey (Peel, 2020).

The European Union regards sanctions – in the EU parlance mainly referred to as *restrictive measures* – as "an essential tool of the EU's Common Foreign and Security Policy (CFSP). They are used by the EU as part of an integrated and comprehensive policy approach, […] with a view to promoting the objectives of the CFSP" (General Secretariat of the Council 2019): the promotion of human rights, democracy, the rule of law, and good governance – and the fight against terrorism as well as for the non-proliferation of weapons of mass destruction. The supranational organization plays an important role in democracy promotion and has relied on so-called *democratic sanctions* to this end (Pospieszna and Weber, 2020; von Soest and Wahman, 2015a; 2015b). Classical EU restrictive measures were economic in nature. However, during the 1990s, so-called targeted or *smart sanctions* against individuals or entities came to the fore. The EU was at the head of the promotion of these more narrowly targeted measures that, according to Drezner (2015), are especially promising in the form of financial sanctions.

Few studies have so far assessed the onset and effectiveness of EU sanctions. Eriksson (2011) focuses on the cumbersome decision-making process that the supranational organization employs in this regard and examines the effects this has on the effectiveness of the measures that are undertaken. Portela (2010) shows that EU sanctions that threaten to disrupt economic activities are more effective than non-economic measures. Comparing the sanctioning behavior of the EU and the UN, Giumelli (2011) refers to contextual information to understand sanctioning episodes. There is, to our knowledge, no study that systematically compares sanctions by the European Union to the ones threatened or imposed by the United States. We model the differences between these two senders in how they employ sanctions. Considering the institutional characteristics of the EU to explain the differing pattern in the success of each sender's measures further adds to the literature on unilateral versus multilateral sanctions. Due to the unanimous and intergovernmental decision-making procedure in

[3] There are very few exemptions: for example, the export of arms is still a national competence. Thus, Germany was for instance able to suspend arms exports to Saudi Arabia in October 2018 to sanction the country for the killing of journalist Jamal Khashoggi (Chazan and Pitel, 2018).

[4] There are some *sanctions-like* measures (Russell 2018) that do not require unanimity. For example, the EU can suspend agreements with third countries, including the Cotonou agreement in case of African, Caribbean, and Pacific (ACP) countries to withdraw development aid and loans (Portela, 2007, 2010). Whereas full suspensions also need unanimity, partial suspensions can be adopted by qualified majority. The EU can further adopt a withdrawal of trade preferences under the Generalized System of Preferences (GSP) as a sanctioning measure. The European GSP regime provides a procedure for withdrawing countries from preferential treatment that seriously and systematically violate the principles establishing the regime of trade preferences (Portela 2010). The withdrawal does not require unanimity, but consultations between the member states and the Commission, an investigation by the Commission, and qualified majority voting in the Council. However, a withdrawal of the EU's GSP occurred only in 1997 for Myanmar and in 2007 for Belarus (Kryvoi, 2008; Russell, 2018).

the EU, where every member country has veto power, sanctions by this supranational organization are always a multilateral effort.

2.2. Unilateral versus multilateral sanctions

Early contributions to the sanctions literature followed a black-and-white logic of argumentation and portrayed either unilateral (Kaempfer and Lowenberg, 1999) or multilateral (Haass 1997; 1998; Martin 1994) sanctions as more effective. The intuitive arguments in favor of multilateral sanctions emphasize the higher costs that multiple senders can produce and the greater legitimacy of collaborative efforts in contrast to 'cavalier seul' diplomacy. The literature has moved beyond such Manichean reasoning and identified a number of conditions under which unilateral or collective sanctions could be more effective. These contributions focus on the selection effects surrounding the sanctioning decision (Nooruddin, 2002), decision-making complexity (Bapat and Morgan, 2009; Miers and Morgan, 2002), the role of international institutions supporting the collaborative framework (Drezner 2000), and the possibility to engage in sanction busting (Early and Spice, 2015; Kaempfer and Lowenberg, 1999) as possible intervening factors (see also the encompassing meta-analysis of Bapat et al., 2013).

In light of these countervailing influences, it is not surprising that the literature has not yet definitively settled the dispute over the alleged supremacy of either unilateral or multilateral sanctions. Kaempfer and Lowenberg (1999, 44) develop a standard economic model and show that multilateral sanctions affect the economy of the targeted nation more strongly than unilateral ones, but that they also invite considerable attention from potential sanction busters: "The larger the deterioration in the target's terms of trade, the greater the potential gain to a renegade nation that remains willing to trade with the target." Early and Spice (2015) show that a universal organization such as the United Nations is often unable to prevent third-parties from undermining a trade embargo, but that the much smaller EU is sufficiently strong and institutionalized to prevent free-riding behavior. Furthermore, Kobayashi (2013) argues that the enforcement of multilateral sanctions is easier in the sense that multiple senders can share monitoring costs.

The sanctions literature has paid a lot of attention to the different hurdles that unilateral and multilateral sanction efforts face, typically predicting the buildup of a multilateral coalition only if the issue is critical to all potential joiners. Miers and Morgan (2002) introduce a spatial argument and concur that multilateral sanctions are more effective if the dispute concerns a single issue because the ability of a sender coalition to create a stable demand for a specific policy change is reduced if there are several issues in dispute. Using more comprehensive data, Bapat and Morgan (2009) find further support for this explanation. In addition, they challenge a particular selection argument according to which multilateral sanctioning efforts are more likely to occur if the issue under contestations is highly salient and thus more likely to fail since the target is more resolved in these cases. Their empirical evaluation shows that teams of senders who address a sensitive security issue are more successful than unilateral attempts. Moreover, both studies demonstrate that institutions can help to create a stable demand. Related contributions maintain that multilateral sanctions can become more effective if the United Nations join the sender alliance. Drezner (2000, 98) argues that the universal IGO renders the fragile cooperation between two senders more robust: "International organizations prevent backsliding by giving wavering states the means to resist domestic pressures and by reassuring states that a cooperative equilibrium will be maintained." Yet, multiple senders only join an effort to target an actor through sanctions when they are able to do so. Multilateral efforts are therefore more likely if the costs of a sanction are small for all joiners or, in case of a severe problem, if the potential allies are similarly concerned about the behavior of a potential target.

These existing explanations do, however, not sufficiently consider the role of economic interdependence and associated costs as potential mechanisms that account for the bewildering variety in sanction outcomes. The linkages between the potential sender and target have figured prominently in the literature on sanctions since Galtung's (1967) pioneering essay on the measures against Rhodesia, explaining both the initiation and success of coercive measures. Economic interdependence occupies an important role in liberal economic thinking (Schneider 2014) and has recently played a key role in the modified sanctions enforcement model by Bapat and Kwon (2015), in which governments are concerned about the costs that sanctions create for their own industry. They demonstrate that senders are more likely to succeed with their sanction attempts at moderate levels of economic interdependence with the target where enforced sanctions do not hurt their own economy too much, but where the links to the target country are sufficiently developed to create some economic harm.

We add to these recent findings a differentiated economic costs argument that considers both the level of economic interdependence and, in the case of multilateral sanctions, the level of conflict in the alliance against a targeted state as crucial determinants for sanctions initiation and success. It is necessary to consider this kind of conflict because the impact of sanctions is quite heterogeneous across sending partners (Felbermayr et al., 2019). In addition, we consider differences in so-called audience costs (Fearon, 1994) for unilateral and multilateral senders. This notion is a key element of crisis bargaining games, the workhorse model to study deterrence situations. Political leaders face audience costs when backing down from a threat to use force against a warring party. These costs arise from the domestic public that evaluates the performance of their leaders in an international crisis.

This literature necessitates that we elaborate the selection effect of imposed sanctions fully. The existing literature (Baldwin, 2000; Blake and Klemm, 2006; Nooruddin, 2002) discusses this issue to explain why sanctions are frequently used, but also fail often. According to Drezner (1999), Morgan et al. (2009), and others, threats are sometimes sufficient to 'convince' a potential target state to change course and to avoid the fallout from coercive measures. In this sense, imposed

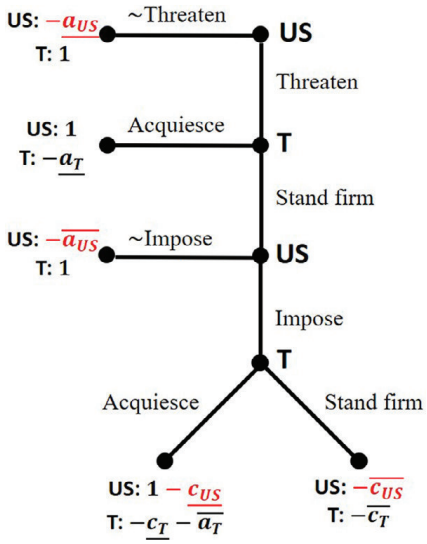

Fig. 3. US sanction threats and imposition game.

sanctions are a negative selection of cases. Our non-cooperative game suggests that a divergence of economic interests among key EU members lowers the chance that the organization employs economic statecraft to coerce a potential target into a desired behavioral change. We expect in line with this argument that heterogeneous economic interests of multilateral senders vis-à-vis a target lead to distributional conflict and make the imposition of sanctions less likely. Target states anticipate these difficulties to impose multilateral sanctions and are thus more likely to acquiesce after a sanction threat issued by a unilateral sender. Differences in audience costs between the two senders studied here further increase this effect. Our model reasserts the finding of Bapat and Morgan (2009) that multilateral sanctions tend to be more successful once they are imposed but unilateral senders are more likely to impose sanctions at all.

3. Modelling unilateral us vs. multilateral EU sanctions

The starting point for our analysis is the conjecture that collective sanctioning efforts render multilateral sanctions more successful than unilateral ones if there is not too much variation among the multiple senders in their economic bonds with the target. The reason for this result is a selection effect that is driven by distributive conflict between multilateral senders on the one hand and differences in audience costs on the other hand. To understand the importance of these partly conflicting influences, we develop a non-cooperative game-theoretic model that takes the differences between the United States and the European Union during the entire sanctioning process into account.

Fig. 3 depicts a standard sanctions game with separate threat and imposition stages. After some perceived political misbehavior by the potential target state (T), the sender – i.e. the United States (US) – decides whether to threaten sanctions or not. The political action that the sender dislikes offers T a payoff equal to one. The target receives this payoff if the sender ignores the cause for a potential restrictive measure. This can happen through the refusal to threaten economic sanctions in the first place or the denegation of their imposition after the target's dismissal of an initial threat.

We assume that ignoring the misbehavior of the target is costly for the United States. The political price comes largely in the form of domestic and international audience costs following critique by the media, interest groups, opposition parties, as well as diplomatic pressure (Baldwin, 1985; Bapat and Kwon, 2015; Drury, 2001; Lektzian and Sprecher, 2007; McLean and Whang, 2014). However, the costs for political inaction in light of the target's violation of a particular norm or US interest varies considerably among the issues involved, the importance of the target country, and the severity of the objectionable action. If a military coup takes place in a former colony of a potential sender state, the respective sender government is more likely to feel responsible and to condemn the plotters of the coup d'état (von Soest and Wahman 2015b). This might not least be the case if parts of the electorate originally come from the target country (Schneider et al., 2020). Audience costs accordingly vary with $\underline{a_{US}} \in [0, 1]$. In line with Fearon (1994), audience costs matter for the incumbent particularly after a refusal to impose sanctions in the wake of a failed threat ($\overline{a_{US}} \in [0, 1]$). Whang (2011) establishes the effect of audience costs empirically by showing that the imposition of sanctions increases US presidents' approval ratings. Audience costs likely differ between the threatening and the imposition stage. Once a sender decided to threaten sanctions, additional attention is directed towards the case. So back-paddling after issuing a sanction threat makes the government appear even weaker. Furthermore, threats will be less credible in a future case. In sum, governments are better off ignoring the misbehavior of a target than blaming it at the first stage and threatening sanctions, but refusing to actually impose them at the second stage. Therefore, we assume that $\overline{a_{US}} \geq \underline{a_{US}}$. The United States can threaten freely without any consequences if the audience costs are equal at both stages $\overline{a_{US}} = \underline{a_{US}}$.

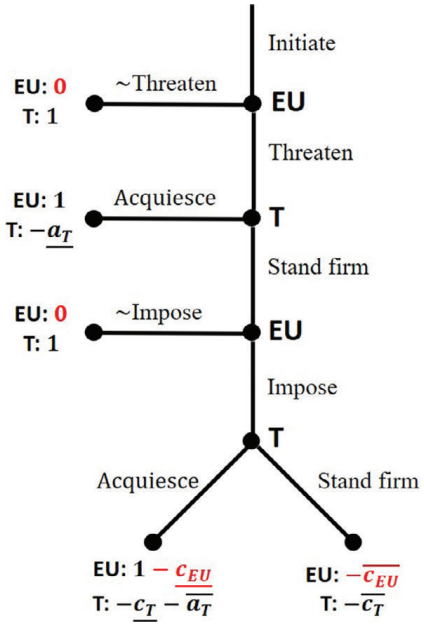

Fig. 4. Multilateral sanction threats and imposition game.

Similar considerations hold for the target country. When a target gives in to international pressure, backs down, and thus changes its policy, the government also faces audience costs that are lower at the threatening than at the imposition stage: $\overline{a_T} \in [0,1) \geq \underline{a_T} \in [0,1)$. Recent research on audience costs provides evidence that sanctions indeed generate a political backlash in target states: "[…] increasing support for those policies that the sanctions seek to alter and raising hostility toward the sender" (Grossman et al., 2018, 1845).

Once sanctions are imposed, they can result in a stalemate. When sanctions are in place without any settlement, both sides impose costs on each other: $\overline{c_{US}} \in (0,1)$and $\overline{c_T} \in (0,1)$. This situation can last over an infinite time horizon. When the target acquiesces, the sanctions are relaxed and the costs are thus less severe for both sides: $\overline{c_{US}} \in (0,1) \geq \underline{c_{US}}$ and $\overline{c_T} \in (0,1) \geq \underline{c_T}$. In case the target acquiesces to the sanctions, the sender receives an additional payoff of one that it always gets when it makes the target change its policy – and the target faces audience costs for backing down: $\overline{a_T} \in [0,1)$.

We assume that all actors maximize their von Neumann-Morgenstern utility function by behaving rationally as risk-neutral and unitary actors with complete, transitive, and continuous preferences. Still, it is an incomplete information game since audience and sanction costs are private information, though the probability distributions are common knowledge.

Fig. 4 depicts the sanctions game for the EU. It differs from its unilateral counterpart in three ways. First, there needs to be a member state that initiates the sanctions. Second, the international organization does not face substantial audience costs. While restrictive measures are an instrument of the Common Foreign and Security Policy and can only be imposed by the Council, this institution is not accountable vis-à-vis the voters since it consists of ministers that have been elected nationally. The only institution that EU citizens can directly elect is the European Parliament. Yet, this institution has in contrast to the US Congress almost no influence on the still highly intergovernmental EU's sanctions policy. Furthermore, member states of the EU face negligible audience costs due to the diffused responsibility for inaction. Given the secrecy around the intergovernmental sanction deliberations, they can easily shift the blame for a lack of leadership in international affairs to those fellow countries whose vetoes allegedly prevented a forceful reaction. The lack of transparency together with the unanimity requirement therefore shelter member state executives against a possible public backlash, reducing audience costs to an extent so that they neither matter for the individual government nor for the collective intergovernmental institution.

Changing the misbehavior of the target country is still a goal of the institution and part of its utility function. So actually revising the norm violation of the target also leads to a payoff of one. The difference is only that doing nothing does not lead to a negative payoff. Finally, the sender sanction costs for the EU differ. When the EU restricts economic exchange with a target, the EU budget is rather unaffected while the member states carry the costs. Since there must be a consensus within the institution, not only the absolute sender sanction costs but also distributional conflict within the Council matter for the imposition of sanctions. Thus, in comparison to unilateral senders such as the United States, the supranational organization additionally needs to take the costs for agreement into account.[5] Heterogeneity among the members matters because they rather accept high costs if everyone else shares this burden than to face a competitive disadvantage vis-à-vis other member states.

[5] $c_{US} \neq c_{EU} = f(v,m)$, where $v = var(c_{EU_i})$, $m = mean(c_{EU_i})$, and $\partial f/\partial v > 0$, $\partial f/\partial m > 0$.

The game is solved by using backward induction in order to determine the subgame perfect Nash equilibria. Since the solutions of the model are straightforward, we only provide them in the appendix. In both types of the game, the target acquiesces after sanctions were imposed if the audience costs for backing down at the imposition stage are smaller than the difference between the costs of ongoing and released sanctions.

H1. *The chances for sanctions success grow with the aggregated economic power of the sender because the potential costs for a target increase.*

In line with Galtung's (1967) conjecture that the higher the sanction costs for the target, the more likely it backs down, we argue that there is an advantage for multilateral senders due to their enhanced economic might. However, differences between US and EU sanctions are not only visible in the final outcome. The different logic of these distinct forms of economic statecraft shapes the entire sanctioning process. At the imposition stage, senders impose sanctions if the chance that the target acquiesces is sufficiently large.

H2. *The larger the audience costs for backing down after a sanction threat, the more likely a sender is to impose sanctions.*

Since the United States as a unilateral sender faces additional audience costs for not imposing sanctions, this threshold is smaller in comparison to the European Union – the US is thus more likely to follow through with a threat. The target takes this behavior at the threatening stage into account and gives in to a sanction threat if the risk for sanctions imposition is sufficiently high. This threshold is even smaller in case the target is not willing to stand firm after the imposition of sanctions.

H3. *A target is more likely to acquiesce to a sanction threat issued by a unilateral sender because the risk that these sanctions are actually imposed is higher.*

Regarding sanction threats issued by the EU, the target anticipates that the supranational organization is less likely to impose sanctions and adjusts its behavior after a sanction threat accordingly. On the other hand, unilateral senders only threaten if they are sufficiently resolved to impose sanctions or if the probability that the target gives in after a threat is adequately high. Since threatening is free, international organizations always threaten. Empirically, this result is troubling. When the sender is known to issue a threat in every instance, the threat becomes irrelevant. After some political misbehavior, a sanction threat by the European Union hangs like a sword of Damocles over all potential target countries. In this regard, a formal threat does not make any difference and the imposition of EU sanctions is rather a black box for the target.[6] What matters for the actual onset of sanctions is the relation between the probability that the target acquiesces after the imposition and the costs for the EU, which are determined by distributional conflict in the Council due to heterogeneity in the interdependence with the target.[7]

H4. *The greater the heterogeneity among members of a supranational organization in their interdependence with a target country, the more distributional conflict and the less likely the imposition of sanctions.*

In sum, our game-theoretic model provides an explanation for why EU sanctions can be more successful than US sanctions and why potential targets rather acquiesce to threats issued by the US than the EU. This dichotomy is due to the different logic of unilateral and multilateral sanctions that shapes the entire sanctioning process. The European Union faces difficulties to impose sanctions due to distributional conflicts in the Council. This is why target states are more likely to stand firm after a threat by the EU. Moreover, the United States can issue more credible threats because the existence of audience costs makes it costly for the unilateral sender to back down after threatening sanctions. Thus, in contrast to EU sanctions, imposed US sanctions are a negative selection of particular resolved targets. If a state stands firm after a unilateral threat, we can expect that the imposed sanctions are more likely to end in a stalemate.

4. Empirics

4.1. Research design and data

We analyze the differences in the success of threatened and imposed sanctions by the European Union and the United States, arguing that the varying effects result from the difficulties that the EU faces at the imposition stage. Our empirical analysis is, therefore, divided into two parts. First, we test whether our perception about the differences in the success of threatened and imposed sanctions between the EU and the US holds empirically. Second, we focus on the onset of EU sanctions in order to test our argument that the imposition of EU sanctions is affected by distributional conflict in the Council and thus more complicated than the imposition of unilateral US sanctions. We therefore use the EUSANCT Dataset (Weber and Schneider, 2020) that covers EU and US sanctions from 1989 to 2015. This dataset is particularly useful for our

[6] Moreover, it is not entirely clear who is entitled to issue an EU sanction threat. While a conclusion by the Council most certainly counts as a threat, it can be disputed whether statements by the High Representative or threats by individual member states have the same relevance for potential or real targets.

[7] For a similar argument made for the IMF, see Copelovitch (2010).

study because the EU only became a relevant actor in this domain through the Maastricht Treaty of 1993. The EUSANCT Dataset is available in two versions: a case-level dataset in which the unit of observation is the individual sanction case and a panel dataset that consists of 5077 country-years (199 countries from 1989 to 2015). The latter version includes a dummy variable that indicates whether there was a sanction or a sanction threat by the EU or the US in the respective country-year.

As the dependent variable to evaluate whether the EU or the US is more successful in threatening and imposing sanctions, we employ the final outcome variable, adopted from the TIES dataset (Morgan et al., 2014). This outcome variable contains eleven categories for sanction outcomes (i.e. partial/total acquiescence by the target, capitulation by the sender, stalemate, and negotiated settlement at both the threatening and the imposition stage). We create two dummy variables, threat success and sanctions success, which become one if there is either partial or total acquiescence by the target in the respective case.[8] The EUSANCT Dataset also includes the success score introduced by the HSE dataset (Hufbauer et al., 2007). These authors distinguish two four-point scales for the policy outcome and the sanctions contribution. The combined success score represents the product of both measures in order to compare different levels of effectiveness.

We use the case-level dataset to estimate logistic regression models for both stages with the success dummies as the dependent variables and the sanction case as the unit of analysis. Additionally, we employ ordered logistic regressions with the combined HSE score that can take values from 1 to 16 as the dependent variable. Our key independent variables are issued threats and imposed measures by our two senders of interest. Additionally, we control for the involvement of the United Nations. For the models on the success of sanctions, we also include a dummy variable that indicates the presence of an economic embargo by any sender – the most severe sanction type. In all models, we cluster standard errors on target states to adjust for correlations between the errors for different sanction cases imposed against a given country.

In the second part of our empirical analysis, we employ the panel version of the EUSANCT Dataset to explain the onset of EU sanctions. We use the binary variable that indicates ongoing sanctions in the respective country-year as the dependent variable and run fixed-effects panel regressions to account for unobserved country heterogeneity.[9] We therefore employ the Stata program by Hoechle (2007) to estimate Driscoll-Kraay standard errors. These are robust to cross-sectional and temporal dependence for larger time dimensions, which is important in our analysis because Pesaran's CD test rejects the null hypothesis of cross-sectional independence. Since our argument is based on the unanimity requirement for the imposition of economic sanctions, we re-run the models with an exclusive focus on CFSP sanctions (excluding EU sanctions that could in principle be imposed without unanimity). Moreover, we employ the economic intensity of the sanctions as an alternative outcome variable. This measure proxies whether sanctions are watered down if there are difficulties at the imposition stage.

We argue that distributional conflict in the Council over who carries a disproportionate share of the sender sanction costs is what makes the imposition of EU sanctions less likely. To measure the heterogeneous exposure to the target's economy that likely creates varying sender costs (Felbermayr et al., 2019), we obtained data on foreign direct investment (FDI) stocks (in EUR) from Eurostat (2017b) and calculated the standard deviation of the FDI stocks from Germany, France, Italy, Poland, and the United Kingdom as the countries of origin to the respective state and year.[10] Due to the right-skewed distribution of the standard deviations, we employ logged values. Additionally, our regression models lag these values by one year. Lagged FDI stocks are a good indicator for what is at stake for the sender country when sanctions are imposed. Sanctions (even measures that do not directly aim at sectors of the target in which the sender is invested) increase uncertainty for investors in target countries (Weber and Stępień, 2020). A general economic downturn due to sanctions affects all industries and sectors in the target country. While inward FDI can be protected, outward FDI is much more affected by sanctions. Thus, variation in the FDI stocks in a potential target state among EU member countries generates unequal costs – and EU members that carry the larger burden are likely to veto the sanctions (or at least want them to be less severe). Focusing on FDI in the target country is reasonable for theoretical reasons and widely corresponds to the existing literature (Biglaiser and Lektzian, 2011; Lektzian and Biglaiser, 2013, 2014; Mirkina, 2018). As a robustness check, we estimate the effect of the sum of instock and outstock FDI with data obtained from UNCTAD (2014). While this database is more comprehensive with respect to target countries and the direction of FDI, it only covers the period from 2001 to 2012 and thus less than half of our period of observation. For our main specification, we thus focus on outward FDI obtained from the Eurostat database.

Data on FDI stocks is problematic in that they are only available for 67 partner countries (Eurostat) or a limited period of time (UNCTAD). Even though trade flows can change more rapidly than dedicated, non-fungible assets – and should thus be less influential for the imposition of sanctions – the advantage is that the data is much more complete than FDI data: EU trade data (Eurostat, 2017a) is only missing for Monaco in our period of interest. Thus, we further obtained export and import values (in EUR) for the EU as a whole and Germany, France, Italy, Poland, and the United Kingdom. We then calculated the standard deviation of the trade volumes (exports plus imports) for these five EU member states. While the picture for trade flows is more complex and one would have to take the effect of the relative structure of the comparative advantage into account, we use trade flows as an additional check for our findings on the effect of variation in FDI stocks that are based on fewer observations. In addition to these measures for economic heterogeneity, we control for both lagged

[8] One could argue whether partial acquiescence and negotiated settlements are a success. We only define partial acquiescence as success because having such a final outcome means that the sender has terminated the sanctions without any concessions on his own. Therefore, at least from the sender's perspective, the policy shift by the target must have been good enough such that the sanctions can be lifted without losing face.

[9] A Hausman test supports the choice of a fixed-effects over a random-effects model.

[10] We focus on these five EU countries because France, Germany, Italy, and the UK are widely considered as the 'big four' European countries (e.g. OECD composite leading indicator) – and we additionally add Poland as the strongest voice for the interests of the Eastern EU members..

Table 1
Success of sanction threats by sender.

Variables	(1)	(2)
EU threat	−2.357***	−2.248***
	(0.720)	(0.747)
US threat	−1.086	−0.972
	(0.868)	(0.892)
UN threat		−1.237
		(1.119)
Constant	0.670	0.587
	(0.887)	(0.903)
Observations	227	227
chi-square statistic	16.05	19.52
p value	0.000	0.000
Pseudo R-squared	0.081	0.087

Notes: Logit models with threat success as dependent variables. The standard errors, which are clustered on target states, appear in parentheses.
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

total EU FDI stocks and lagged total EU trade flows because the variation in FDI stocks and trade flows is likely to be correlated with the general activity of the EU in the respective country. In some potential target states there are barely any economic activities of EU countries and thus no substantial variation. Again, we use logged values because the distributions of both EU FDI stocks and trade flows are clearly right-skewed.

As additional control variables for the onset of sanctions, we employ per capita GDP and population size of the target country by using data from the World Bank's (2017) World Development Indicators. Both variables are logged because of the right-skewed distribution. Additionally, we include pilot-scale nuclear latency from the Nuclear Latency Country-Year Dataset (Fuhrmann and Tkach, 2015), the Political Terror Scale (Gibney et al., 2016), the V-Dem Electoral Democracy Score (Coppedge et al., 2017), the CIRI Empowerment Rights and Physical Integrity Rights Index (Cingranelli et al., 2014), the occurrence of a military coup from the dataset on Global Instances of Coups (Powell and Thyne, 2011), as well as the occurrence of armed conflicts, and one-sided violence from the UCDP/PRIO Armed Conflict Dataset (Allansson et al., 2017; Pettersson and Eck, 2018). Moreover, we lag all control variables by one year. Finally, in order to account for dynamics over time, year dummies are included to estimate two-way fixed-effects. We provide summary statistics and a correlation matrix for all independent variables in the appendix.

4.2. Results

4.2.1. Success of sanctions and sanction threats

Table 1 shows the results of the logit models evaluating the case-level version of the EUSANCT Dataset to provide a large-n comparison of the relative success of sanction threats and imposed sanctions by the European Union and the United States. The dependent variable of models 1 and 2 is the dummy for successful threats. As expected, the involvement of the European Union reduces threat successes significantly at the level of one percent. The coefficient for the United States is also negative but much smaller and not significant. In model 2, we control for involvement of the United Nations, which has no significant effect at conventional levels. The perception that EU threats are less successful seems to hold. We argue that they are less effective because, in comparison to the United States, it is less likely that the EU actually imposes sanctions – which we show in the second part of our empirical analysis. EU sanction threats are thus less credible.

It is important to note that these and the following models do not tell us anything about the absolute success of the senders. The goal of this empirical exercise is to provide a relative comparison of EU and US sanctions and sanction threats. The distribution of the dependent variables then leads to a significant negative effect of EU involvement on threat success instead of a significant positive effect of US involvement. However, this is a statistical artefact.

In models 1–3 in table 2, we look at the binary sanctions success variable with the imposition of measures by the EU and the US as key explanatory variables. Model 2 includes, besides a dummy variable for the imposition of additional sanctions by the United Nations, a dummy for complete and partial economic embargoes by any of the senders. The involvement of the EU has a significantly positive effect on sanctions success at the level of one percent in models 1 and 2, in line with our theoretical expectation. The estimates of the coefficients for US and UN sanctions are not significant. Economic embargoes, the toughest form of economic sanctions, do also not have a significant effect on sanctions success. By controlling for sanction threats, in model 3, the effect of EU sanctions becomes less significant. However, the coefficient for US threats is significantly negative at the level of one percent. This result provides further support for our argument: targets that are potentially willing to acquiesce to imposed US sanctions rather back down at the threatening stage because the US sanction threats are likely to be imposed. Actual US sanctions are consequently a negative selection of cases and less successful on average. Finally, in model 4, we re-run model 3 for the combined HSE success score by employing an ordered logit model. The inferences from model 3 also hold for this additional measure of sanctions success. Furthermore, the effect of EU sanc-

Table 2
Success of imposed sanction threats by sender.

Variables	(1)	(2)	(3)	(4)
EU imposition	0.887***	0.911***	0.881*	0.735**
	(0.318)	(0.347)	(0.512)	(0.369)
US imposition	−0.108	0.042	0.401	0.241
	(0.525)	(0.548)	(0.615)	(0.387)
UN imposition		0.292	0.381	−0.208
		(0.512)	(0.637)	(0.428)
EU threat			0.013	0.104
			(0.449)	(0.377)
US threat			−0.907***	−0.645**
			(0.341)	(0.281)
UN threat			−0.211	0.064
			(0.624)	(0.392)
Embargo		−0.979	−1.183	−0.485
		(0.737)	(0.763)	(0.791)
Constant	−0.328	−0.454	−0.235	
	(0.531)	(0.548)	(0.603)	
Observations	188	188	188	188
chi-square statistic	9.553	12.37	17.88	13.34
p value	0.008	0.015	0.013	0.064
Pseudo R-squared	0.036	0.043	0.074	0.021

Notes: Logit models (1)-(3) with sanctions success as dependent variable and ordered logit model (4) with the HSE score as the dependent variable. Standard errors, which are clustered on target states, appear in parentheses.
*** $p < 0.01$,.
** $p < 0.05$,.
* $p < 0.1$.

tions is, again, significant at the level of five percent – likely because the HSE score is a more elaborated indicator than the binary success variable, which is based on a categorical and actually more nuanced final outcome variable. In addition, sanctions that were imposed after a previous US sanction threat are still significantly less successful.

Since many sanctions by the EU and the US are jointly imposed by both senders, we recode our key explanatory variables. For an additional model, we create three dummy variables: a dummy indicating imposed EU sanctions without any imposed measures by the US, a dummy indicating US sanctions without any imposed measures by the EU, and a dummy for joint EU/US sanctions. As a robustness check (see appendix), we re-run the models of Table 2 with the modified indicators for EU and US sanctions. Since the three dummy variables (EU sanctions, US sanctions, and joint EU/US sanctions) would add up to one in our sample of sanctions, in which at least either of these senders is involved, the dummy for joint EU/US sanctions is omitted and serves as the base category. In these specifications, US sanctions without any measures imposed by the EU are significantly less successful – even when we control for prior US threats, which further significantly reduce sanctions success.

One interesting finding in all our models is that neither the involvement of the United Nations nor economic embargoes have any significant effect. One reason for the lack of significance is that they are both correlated with the further context of the sanction case, which also affects the chances of sanctions success. Since the threshold for UN sanctions is particularly high, the misbehavior of the target country must be quite severe for the UN to become active. China and Russia, for example, could in principle also be sanction targets due to certain human rights violations and issues with their state of democracy. So they often block sanctions in the UN Security Council to set the bar for these measures high. The misbehavior of the target must, in this sense, be so severe such that it cannot directly be linked to policies and practices of these two countries. However, once a government decides to follow a practice that is condemned by the whole world community, the question is indeed whether simple economic measures can have an impact at all. So there are two counteracting effects: the economic and political power of the United Nations – and particular resolved targets. A similar story holds for the effect of economic embargoes. Even though embargoes have a huge impact, they are mainly imposed in very severe circumstances that tend to limit sanctions success.

In sum, these results confirm our expectations: the European Union imposes more successful sanctions, but is less credible in issuing sanction threats. The United States, on the other hand, can deter target countries by threatening sanctions. However, when a target does not give in after a US sanction threat, sanctions tend to be less successful as the target would have acquiesced to the threat if it was prone to give in. The finding that the European Union is the more successful sanctioning entity is only the starting point for our empirical analysis. We conceive sanctions as endogenous treatments. In the second part, we thus aim to provide evidence for our argument regarding the selection mechanism of EU sanctions that affects their effectiveness.

4.2.2. Selection of EU sanctions

Since we want to explain the onset of EU sanctions, we use the country-year dataset that includes EU sanctions from the EUSANCT case-level dataset. The dependent variable in Table 3 is a dummy variable, which indicates whether there is

Table 3
Effect of heterogeneity in EU FDI stocks on sanctions onset.

Variables	(1)	(2)	(3)	(4)	(5)	(6)
EU economic heterogeneity (FDI stocks)	−0.010	−0.020**	−0.021**			
	(0.011)	(0.009)	(0.009)			
EU economic heterogeneity (trade flows)				0.020***	0.026***	−0.012
				(0.004)	(0.007)	(0.009)
Total EU FDI stocks	0.024	0.049***	0.052***			
	(0.015)	(0.017)	(0.017)			
Total EU trade flows		−0.042	0.011	−0.013*	0.020	0.014
		(0.030)	(0.028)	(0.007)	(0.012)	(0.013)
GDP per capita		0.120**	0.088*		−0.055**	0.067***
		(0.044)	(0.050)		(0.026)	(0.019)
Population		0.206	0.376***		0.009	0.031
		(0.121)	(0.076)		(0.065)	(0.030)
Pilot-scale nuclear latency		0.322**	0.310**		0.121	0.200**
		(0.138)	(0.137)		(0.115)	(0.090)
Political terror		0.049***	0.037***		0.027***	0.015***
		(0.015)	(0.012)		(0.008)	(0.004)
Electoral democracy		−0.598***	−0.596***		−0.337***	−0.195***
		(0.061)	(0.077)		(0.096)	(0.043)
Empowerment rights		−0.000	−0.004		−0.015***	−0.003
		(0.007)	(0.005)		(0.004)	(0.003)
Military coup		0.191	0.182		0.170***	0.010
		(0.150)	(0.154)		(0.041)	(0.021)
Armed conflict		0.018	0.054		0.032	0.015*
		(0.051)	(0.034)		(0.022)	(0.009)
One-sided violence		0.103*	0.086**		0.042	−0.012
		(0.055)	(0.040)		(0.028)	(0.013)
Year dummies	yes	Yes	yes	yes	yes	yes
Observations	1174	1026	1026	4799	3322	3322
Number of groups	67	62	62	195	163	163
F statistic	39,081	154,130	563,538	7.075e+06	57,425	943,329
p value	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.020	0.201	0.272	0.015	0.124	0.058

Notes: Linear fixed-effects panel regression models with ongoing sanctions in the respective country-year as the dependent variable (ongoing CFSP sanctions in models (3) and (6), respectively). Driscoll-Kraay standard errors in parentheses.

*** $p < 0.01$,.

** $p < 0.05$,.

* $p < 0.1$.

an ongoing EU sanction in the respective country-year. The table shows the effect of economic heterogeneity – which leads to distributional conflict in the Council – on the imposition of sanctions. In models 1–3, the key independent variable is the lagged heterogeneity in the foreign direct investment stocks between five of the most powerful and influential EU member states: Germany, France, Italy, Poland, and the United Kingdom. In model 1, we can see that heterogeneity in FDI stocks has a negative but insignificant effect on the onset of sanctions. However, once we add economic and political control variables (model 2), the effect is significant at the five percent level. In contrast, total EU FDI stocks have a significantly positive effect at the level of one percent. These results provide further support for our argument. Moreover, it seems not only that, in comparison to the negative effect of economic heterogeneity, cumulative EU FDI stocks do not matter – but they even have a positive effect on sanctions onset. So the EU is more likely to impose sanctions if there is a higher potential for economic damage in the target country. However, if there is heterogeneity among powerful EU member states, there is distributional conflict in the Council and the imposition of sanctions becomes less likely.

In model 3, we focus exclusively on CFSP sanctions that can only be imposed unanimously by the Council. The coefficient for economic heterogeneity becomes slightly larger in this specification. So far, we have focused on FDI stocks because flows are rather a snapshot and may easily change after the imposition of sanctions. Still, in models 4–6, we regard the effect of trade relations on sanctions onset, namely lagged and logged trade flow values. Model 4 shows the effects of the lagged standard deviation for the trade volumes (exports plus imports) as well as the total EU trade volume. In this specification, heterogeneity in trade flows is marginally significant, and total trade flows make sanctions less likely at the level of one percent. When we include all previous control variables with potential explanatory power for sanctions onset (model 5), the negative coefficient becomes significant at the level of five percent. Surprisingly, for CFSP sanctions in model 6, the effect of heterogeneity in trade flows is less pronounced than for all types of sanctions by the European Union – probably due to the smaller number of sanction dyads (243 CFSP sanction dyads in comparison to 438 EU sanction dyads in total).

As a robustness check, we re-estimate these models with economic heterogeneity among all EU member states during their membership as key independent variables. The tables in the appendix show that this measure of heterogeneity does not matter. In our main specification, we focus on the ‘big five’ EU members because, even though there needs to be una-

Table 4
Effect of heterogeneity in EU FDI stocks and trade flow values on sanctions onset.

VARIABLES	(1) Sanction dyad	(2) CFSP Sanction dyad	(3) Sanctions' economic intensity	(4) Sanctions' economic intensity
EU economic heterogeneity (FDI stocks)	−0.020**	−0.021**	−0.115***	−0.285***
	(0.009)	(0.009)	(0.038)	(0.088)
EU economic heterogeneity (trade flows)	0.036*	0.017	0.040	−0.060
	(0.020)	(0.031)	(0.056)	(0.177)
Total EU FDI stocks	0.050***	0.052***	0.283***	0.671***
	(0.017)	(0.017)	(0.055)	(0.090)
Total EU trade flows	−0.070**	−0.002	−0.128	−0.179
	(0.029)	(0.037)	(0.144)	(0.362)
GDP per capita	0.119**	0.087*	0.585***	0.560
	(0.045)	(0.050)	(0.187)	(0.423)
Population	0.165	0.356***	1.190***	−0.327
	(0.116)	(0.073)	(0.313)	(0.777)
Pilot-scale nuclear latency	0.315**	0.307**	2.260**	2.539**
	(0.136)	(0.135)	(0.806)	(0.893)
Political terror	0.048***	0.037***	0.150***	0.219**
	(0.015)	(0.012)	(0.042)	(0.079)
Electoral democracy	−0.596***	−0.595***	−2.308***	−0.895*
	(0.061)	(0.075)	(0.205)	(0.484)
Empowerment rights	−0.000	−0.004	0.016	0.021
	(0.007)	(0.006)	(0.019)	(0.030)
Military coup	0.191	0.183	0.748	0.815
	(0.149)	(0.153)	(0.619)	(0.568)
Armed conflict	0.020	0.055	0.358	0.516
	(0.050)	(0.032)	(0.247)	(0.345)
One-sided violence	0.101*	0.085**	0.236	0.195
	(0.054)	(0.039)	(0.171)	(0.200)
Year dummies	yes	yes	yes	yes
Observations	1026	1026	1026	390
Number of groups	62	62	62	28
F statistic	15,903	38,355	165,099	26,312
p value	0.000	0.000	0.000	0.000
R-squared	0.202	0.273	0.308	0.401†

Notes: Linear fixed-effects panel regression models with ongoing sanctions in the respective country-year as the dependent variable (all sanctions in model (1) and CFSP sanctions in model (2), respectively) and the intensity of ongoing sanctions in models (3)-(4). Driscoll-Kraay standard errors in parentheses.
*** $p < 0.01$,.
** $p < 0.05$,.
* $p < 0.1$,.
† Sample restricted to potential sanctions.

nimity to impose CFSP sanctions, votes from smaller member states can be easily bought. In contrast, consent by one of the big member states is unlikely if the sanctions create a competitive disadvantage vis-à-vis other EU members. To provide evidence for this claim, we estimate the effect of heterogeneity (due to data limitations only in EU trade flows) on sanctions onset, differentiating between strong and weak member states. While there are significant effects of heterogeneity among the 'big five' EU countries, there is no effect for heterogeneity among all other member states. Please note that these two independent variables are highly correlated (the correlation between standard deviations of the 'big five' and all other EU members is above 0.8). Due to this multicollinearity, we provide these results only in the appendix.

Next, we have a look at the joint effect of FDI stocks and trade flows. Table 4 shows the results for all EU sanctions (model 1) as well as CFSP sanctions only (model 2). Since we include FDI stocks, the number of observations decreases to the number of country-years for which FDI data is available. Again, heterogeneity in FDI stocks has a negative effect, which becomes stronger if we only consider the onset of CFSP sanctions. Heterogeneity in EU trade flows does not have a significant effect in these models. Since one can argue that, in practice, it is more likely that sanctions are watered down than not imposed at all if there is distributional conflict, we re-run the model with the sanctions' economic intensity as the dependent variable (model 3). This ordinal variable is based on the imposed sanction types. In fact, the size of the coefficient for FDI heterogeneity increases and the coefficient for trade heterogeneity becomes negative though it is still insignificant. In our final specification (model 4), we employ the dummy variable for potential sanction cases (Weber and Schneider, 2020) as there are many country-years that are unreasonable to consider as potential targets of either EU or US sanctions. Restricting the sample to potential sanction dyads further increases the magnitude of the coefficient for FDI heterogeneity. In sum, the effect of trade heterogeneity points into the expected direction, but does not have as much explanatory power as FDI heterogeneity, which is likely due to the faster adjustment of trade flows. In Table 3, the overall R-squared values for the models focusing on trade heterogeneity are not even half as large as in the models considering only FDI heterogeneity – even though this effect is admittedly also driven by the smaller sample of these models.

Regarding the control variables, as expected, the coefficient for the Political Terror Scale is positive whereas the coefficient for the Electoral Democracy Index is negative in all specifications. Since more political violence should be linked to a higher likelihood of sanctions onset and lower respect for civil rights to a lower likelihood, both coefficients make sense. In comparison, the Empowerment Rights Index has no consistent significant effect on sanctions onset across the different models. This finding is in line with von Soest and Wahman's (2015b) claim that trigger events often cause the onset of sanctions. Furthermore, lagged pilot-scale nuclear projects make the imposition of sanctions significantly more likely across the models. Surprisingly, all conflict-related variables do not have consistent significant effects at conventional levels. Besides these main reasons for sanctions imposition, we also control for the target's GDP per capita and population size. Whereas the coefficient for population does also not have consistent explanatory power for the imposition of EU sanctions, the target's GDP per capita has a significantly positive effect in the FDI models with fewer observations and a significantly negative effect in the full sample. Senders of sanctions, in particular the EU, face the claim that they pick cases that they perceive as easy. However, whereas in some models this claim seems to hold, in other models, wealthier countries seem to face even a higher risk for the onset of sanctions – which contradicts this selection mechanism.

We re-run the different models for the onset of sanction threats (see appendix). Even though the sign of the coefficient for heterogeneity in FDI stocks points in the expected direction, our measure for heterogeneity only has a weakly significant negative effect on the onset of threats. Moreover, the effects of the control variables across the different models are less consistent than in the models explaining the onset of sanctions. In line with the previous models, most coefficients point in the same direction, but they are insignificant. This result is consistent with our prediction that threats issued by the European Union are empirically less relevant. The EU does not have the capability to credibly issue sanction threats because the potential target country anticipates the difficulties at the imposition stage due to distributional conflict. Still, EU leaders can threaten sanctions to at least display disapproval, in particular when the electorate in single member states has a strong preference for its leaders to react in cases where EU sanctions cannot be agreed upon. Moreover, the data on sanction threats is not as complete and reliable due to non-public, private threats (see also Kurizaki, 2007).

In sum, the empirical results provide evidence for our hypotheses. First, we show in the case-level analysis that EU sanction threats are less successful than threats issued by the United States. However, the European Union tends to impose sanctions that are more successful than those by the US. This result is robust to different measures of success: the binary sanctions success variable based on the final outcome variable of the TIES dataset and the combined HSE success score. We claim that these differences are a result of the complicated imposition of EU sanctions. Our argument contains a selection mechanism: the European Union faces difficulties in imposing sanctions, which makes sanction threats less credible because target states anticipate these difficulties and thus tend to stand firm after a threat. Since threats by the United States are more credible, imposed US sanctions are a negative selection of cases in which the target is particularly resolved. In the second part of our empirical analysis, we explain the onset of EU sanctions. By using country-year panel data and fixed-effects regression models, we show that the EU is less likely to impose sanctions when there is distributional conflict in the Council due to heterogeneity in the economic interdependence among powerful EU member states with the target. This result is also robust to various specifications.

5. Conclusion

Assessing the success of economic sanctions is a goal that has dominated the literature on economic statecraft since its earliest stages. We argue that the varying results in the analysis of sanctions effectiveness is due to the high level of aggregation in the literature. Our article is built upon the well-known claim that multilateral sanctions are more successful than unilateral ones. However, there is not only an effect on the outcome of imposed sanctions. The different logic of unilateral and multilateral sanctions affects the whole sanctioning process – both the threatening and the imposition stage. We develop a game-theoretic model, which shows that unilateral senders can issue more successful threats because losses in political popularity make it costly for the sender to back down after a threat has been issued. Such audience costs hardly matter in the EU Council where governments can easily blame EU institutions or other countries for a failure to act.

The article also introduces a selection argument that incorporates the decision-making complexity of multilateral sanctions due to conflicting economic interests of multiple principals. Heterogeneity among multilateral senders in their interdependence with the target, which leads to distributional conflict, makes the imposition of sanctions less likely. Potential targets are thus much more prone to stand firm after a sanction threat. This effect is particularly relevant for the European Union because of two institutional features: first, economic sanctions by the EU can only be imposed under unanimity in the Council. Second, individual member states are not able to impose unilateral sanctions anymore since the imposition of restrictive measures is a supranational competence. Difficulties at the imposition stage together with the lack of accountability vis-à-vis the voters both make threats by the European Union less credible. In comparison to imposed restrictive measures by the EU, imposed US sanctions are a negative selection of cases, in which target countries did not give in to a prior and much more credible threat.

In our empirical analysis, we show that sanction threats by the United States are more successful than threats issued by the European Union. However, imposed EU sanctions are more successful than those imposed by the US. In line with our theoretical prediction, we also find that heterogeneity between Germany, France, Italy, Poland, and the United Kingdom in the economic interdependence with the target state makes the imposition of EU sanctions less likely and imposed measures

less severe. Our results are robust to different model specifications and the absolute values of EU exposure to the target country. Thus, distributional conflict in the Council makes it difficult for the EU to impose sanctions.

A practical implication of our study is thus that enhancing efficient EU decision-making by introducing qualified majority voting in the Common Foreign and Security Policy, as proposed by the European Commission, could have an unexpected consequence: while the EU would be able to issue more credible sanction threats, the success rate of imposed coercive measures would likely decline because of a more negative selection of imposed sanctions.

For future research, it would be interesting to investigate whether EU members that reject proposed sanctions are really those with most diverging economic interlinkages with the potential target. This will be a difficult task since there are no records or voting results of Council meetings. A promising approach could be web-scraping for single sanction cases, analyzing Council members' statements, proposed measures, and actual sanctions. Such a study could further advance research on EU decision-making in the Council and potential coalition bargaining through which sanction supporters buy support of countries that may particularly suffer and oppose sanctions. We do not believe that coalition bargaining voids our results because, first, it is much harder to buy off one of the big EU members in comparison to smaller member states. Second, if coalition bargaining was an issue, our results would be conservative estimates – and the real effect of economic heterogeneity would be even larger. Still, this path can be a fruitful way for future research since a focus on actually imposed measures in comparison to previously discussed measures is a more nuanced way to analyze the impact of diverging economic interests.

Declaration of Competing Interest

We wish to confirm that there are no known conflicts of interest associated with this publication.

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Appendices

A Solution of the Sanction Threat and Imposition Game

US Sanctions

Imposition Stage

Target acquiesces after the imposition of sanctions if:

$$-\underline{c_T} - \overline{a_T} > -\overline{c_T}$$
$$-\overline{a_T} > -\overline{c_T} + \underline{c_T}$$
$$\overline{a_T} < \overline{c_T} - \underline{c_T} = \tau$$

Sender imposes sanctions if: (p... Probability that the target acquiesces after the imposition of sanctions)

$$p\left(1-\underline{c_{US}}\right)+(1-p)(-\overline{c_{US}})>-\overline{a_{US}}$$
$$p-p\underline{c_{US}}-\overline{c_{US}}+p\overline{c_{US}}>-\overline{a_{US}}$$
$$p-p\underline{c_{US}}+p\overline{c_{US}}>-\overline{a_{US}}+\overline{c_{US}}$$
$$p>\frac{-\overline{a_{US}}+\overline{c_{US}}}{(1-\underline{c_{US}}+\overline{c_{US}})}=\gamma$$

Target Behavior at the Threatening Stage

Case 1: $\overline{a_T}<\tau$(acquiescence at the imposition stage)
Target acquiesces after a sanction threat if:

$$-\underline{a_T}>\gamma\left(-\underline{c_T}-\overline{a_T}\right)+(1-\gamma)(1)$$
$$-\underline{a_T}>-\underline{c_T}\gamma-\overline{a_T}\gamma+1-\gamma$$
$$\gamma+\underline{c_T}\gamma+\overline{a_T}\gamma>1+\underline{a_T}$$
$$\gamma>\frac{1+\underline{a_T}}{1+\underline{c_T}+\overline{a_T}}$$

Acquiescence happens already at the threatening stage.
Case 2: $\overline{a_T}>\tau$ (stalemate at the imposition stage)
Target acquiesces after a sanction threat if:

$$-\underline{a_T}>\gamma\left(-\underline{c_T}\right)+(1-\gamma)(1)$$
$$-\underline{a_T}>-\underline{c_T}\gamma+1-\gamma$$
$$\gamma+\underline{c_T}\gamma>1+\underline{a_T}$$
$$\gamma>\frac{1+\underline{a_T}}{1+\underline{c_T}}$$

Sender Behavior at the Threatening Stage

Case 1: $p>\tau$ (sender is resolved to impose sanctions)
Sender threatens if: (q... Probability that the target acquiesces after a sanction threat)

$$q(1)+(1-q)\left(p\left(1-\underline{c_{US}}\right)+(1-p)(-\overline{c_{US}})\right)>-\underline{a_{US}}$$
$$q+p\left(1-\underline{c_{US}}\right)+(1-p)(-\overline{c_{US}})-qp\left(1-\underline{c_{US}}\right)-q(1-p)(-\overline{c_{US}})>-\underline{a_{US}}$$
$$q-qp\left(1-\underline{c_{US}}\right)-q(1-p)(-\overline{c_{US}})>-\underline{a_{US}}-p\left(1-\underline{c_{US}}\right)-(1-p)(-\overline{c_{US}})$$
$$q>\frac{-\underline{a_{US}}-p\left(1-\underline{c_{US}}\right)-(1-p)(-\overline{c_{US}})}{1-p\left(1-\underline{c_{US}}\right)-(1-p)(\ -\overline{c_{US}})}$$

Case 2: $p<\tau$(sender is not resolved to impose sanctions)
Sender threatens if: (q... Probability that the target acquiesces after a sanction threat)

$$q(1)+(1-q)(-\overline{a_{US}})>-\underline{a_{US}}$$
$$q-\overline{a_{US}}+q\overline{a_{US}}>-\underline{a_{US}}$$
$$q>\frac{\overline{a_{US}}-\underline{a_{US}}}{(1+\overline{a_{US}})}$$

EU Sanctions

Imposition Stage

Target acquiesces after the imposition of sanctions if:

$$-\underline{c_T}-\overline{a_T}>-\overline{c_T}$$
$$-\overline{a_T}>-\overline{c_T}+\underline{c_T}$$
$$\overline{a_T}<\overline{c_T}-\underline{c_T}=\tau$$

Sender imposes sanctions if: (p... Probability that the target acquiesces after the imposition of sanctions)

$$p\left(1-\underline{c_{EU}}\right)+(1-p)(-\overline{c_{EU}})>0$$
$$p-p\underline{c_{EU}}-\overline{c_{EU}}+p\overline{c_{EU}}>0$$
$$p-p\underline{c_{EU}}+p\overline{c_{EU}}>\overline{c_{EU}}$$
$$p>\frac{\overline{c_{EU}}}{(1-\underline{c_{EU}}+\overline{c_{EU}})}=\gamma$$

Target Behavior at the Threatening Stage

Case 1: $\overline{a_T} < \tau$(acquiescence at the imposition stage)
Target acquiesces after a sanction threat if:

$$-\underline{a_T} > \gamma\left(-\underline{c_T} - \overline{a_T}\right) + (1-\gamma)(1)$$
$$-\underline{a_T} > -\underline{c_T}\gamma - \overline{a_T}\gamma + 1 - \gamma$$
$$\gamma + \underline{c_T}\gamma + \overline{a_T}\gamma > 1 + \underline{a_T}$$
$$\gamma > \frac{1+\underline{a_T}}{1+\underline{c_T}+\overline{a_T}}$$

Acquiescence happens already at the threatening stage.
Case 2: $\overline{a_T} > \tau$ (stalemate at the imposition stage)
Target acquiesces after a sanction threat if:

$$-\underline{a_T} > \gamma\left(-\underline{c_T}\right) + (1-\gamma)(1)$$
$$-\underline{a_T} > -\underline{c_T}\gamma + 1 - \gamma$$
$$\gamma + \underline{c_T}\gamma > 1 + \underline{a_T}$$
$$\gamma > \frac{1+\underline{a_T}}{1+\underline{c_T}}$$

Sender Behavior at the Threatening Stage

Case 1: $p > \tau$ (sender is resolved to impose sanctions)
Sender threatens if: (q... Probability that the target acquiesces after a sanction threat)

$$q(1) + (1-q)\left(p\left(1-\underline{c_{EU}}\right) + (1-p)(-\overline{c_{EU}})\right) > 0$$
$$q + p\left(1-\underline{c_{EU}}\right) + (1-p)(-\overline{c_{EU}}) - qp\left(1-\underline{c_{EU}}\right) - q(1-p)(\ -\overline{c_{EU}}) > 0$$
$$q - qp\left(1-\underline{c_{EU}}\right) - q(1-p)(\ -\overline{c_{EU}}) > -p\left(1-\underline{c_{EU}}\right) - (1-p)(-\overline{c_{EU}})$$
$$q > \frac{-p\left(1-\underline{c_{EU}}\right)-(1-p)(-\overline{c_{EU}})}{1-p\left(1-\underline{c_{EU}}\right)-(1-p)(\ -\overline{c_{EU}})}$$

Case 2: $p < \tau$(sender is not resolved to impose sanctions)
Sender threatens if: (q... Probability that the target acquiesces after a sanction threat)

$$q(1) + (1-q)(0) > 0$$
$$q > 0$$

Sender always threatens.

B. Descriptive Statistics

Tables B.1 and B.2

Table B.1
Summary statistics for all variables.

Variable	Obs	Mean	Std.Dev.	Min	Max
EU economic heterogeneity (FDI stocks)	2418	3461.064	11,849.3	0	120,000
Total EU FDI stocks	1178	83,447.31	188,000	4	1,630,000
EU economic heterogeneity (trade flows)	4995	2.77e+09	7.99e+09	335.8757	7.64e+10
Total EU trade flows	5011	2.92e+10	9.42e+10	164,000	1.31e+12
GDP per capita	4756	11,196.5	16,793.64	115.436	145,000
Population	5032	3.33e+07	1.26e+08	9419	1.37e+09
Pilot-scale nuclear latency	4494	0.032	0.177	0	1
Political terror	4693	2.466	1.176	1	5
Electoral democracy	4445	0.518	0.266	0.016	0.949
Empowerment rights	3841	8.482	4.144	0	14
Military coup	5072	0.03	0.216	0	2
Armed conflict	5077	0.157	0.364	0	1
One-sided violence	5077	0.059	0.236	0	1

Table B.2
Matrix of correlations.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) EU economic heterogeneity (FDI stocks)	1.000												
(2) Total EU FDI stocks	0.872	1.000											
(3) EU economic heterogeneity (trade flows)	0.759	0.802	1.000										
(4) Total EU trade flows	0.667	0.741	0.872	1.000									
(5) GDP per capita	0.408	0.439	0.459	0.397	1.000								
(6) Population	−0.034	−0.046	0.058	0.070	−0.244	1.000							
(7) Pilot-scale nuclear latency	0.321	0.262	0.240	0.350	0.088	0.010	1.000						
(8) Political terror	−0.246	−0.237	−0.260	−0.222	−0.599	0.387	0.023	1.000					
(9) Electoral democracy	0.254	0.286	0.281	0.247	0.568	−0.316	0.090	−0.597	1.000				
(10) Empowerment rights	0.220	0.213	0.194	0.136	0.503	−0.346	0.090	−0.604	0.854	1.000			
(11) Military coup	−0.017	−0.018	−0.028	−0.023	−0.044	−0.003	−0.017	0.083	−0.073	−0.080	1.000		
(12) Armed conflict	−0.128	−0.134	−0.144	−0.109	−0.284	0.246	−0.068	0.634	−0.294	−0.348	0.037	1.000	
(13) One-sided violence	−0.071	−0.073	−0.081	−0.067	−0.126	0.082	−0.042	0.280	−0.132	−0.177	−0.010	0.254	1.000

C. Robustness Checks

Tables C.1–C.5

Table C.1
Effect of heterogeneity in EU FDI stocks and trade flow values on issuing sanction threats.

Variables	(1)	(2)	(3)
EU economic heterogeneity (FDI stocks)	−0.013*		−0.014*
	(0.007)		(0.007)
EU economic heterogeneity (trade flows)		−0.007	0.039
		(0.011)	(0.052)
Total EU FDI stocks	0.030**		0.031**
	(0.014)		(0.014)
Total EU trade flows	−0.018	0.004	−0.015
	(0.032)	(0.006)	(0.034)
GDP per capita	−0.027	0.025	−0.025
	(0.044)	(0.028)	(0.045)
Population	−0.091	0.015	−0.112
	(0.101)	(0.035)	(0.115)
Pilot-scale nuclear latency	0.056	0.031	0.053
	(0.105)	(0.054)	(0.103)
Political terror	0.029***	0.005	0.029***
	(0.009)	(0.005)	(0.009)
Electoral democracy	−0.151**	−0.051	−0.159**
	(0.063)	(0.042)	(0.065)
Empowerment rights	0.012**	0.004**	0.012**
	(0.004)	(0.002)	(0.004)
Military coup	−0.023	0.072***	−0.023
	(0.022)	(0.025)	(0.022)
Armed conflict	0.021	0.021	0.021
	(0.035)	(0.020)	(0.035)
One-sided violence	−0.109**	−0.003	−0.109**
	(0.040)	(0.012)	(0.040)
Year dummies	yes	yes	yes
Observations	1026	3322	1026
Number of groups	62	163	62
F statistic	446,618	105,916	46,355
p value	0.000	0.000	0.000
R-squared	0.058	0.024	0.058

Notes: Linear fixed-effects panel regression models with ongoing threats in the respective country-year as the dependent variable. Driscoll-Kraay standard errors in parentheses.

*** $p < 0.01$,.

** $p < 0.05$,.

* $p < 0.1$.

Table C.2
Effect of heterogeneity in EU FDI stocks on sanctions onset (variation among all EU members).

VARIABLES	(1) Sanction dyad	(2) Sanction dyad	(3) CFSP Sanction dyad	(4) Sanction dyad	(5) Sanction dyad	(6) CFSPSanction dyad
EU economic heterogeneity (FDI stocks)	−0.000	0.005	−0.026			
	(0.012)	(0.009)	(0.017)			
EU economic heterogeneity (trade flows)				0.029*	0.041	−0.000
				(0.017)	(0.036)	(0.017)
Total EU FDI stocks	0.009	−0.012	0.037			
	(0.015)	(0.021)	(0.036)			
Total EU trade flows		−0.008	0.032	−0.061***	−0.048	0.002
		(0.015)	(0.030)	(0.019)	(0.038)	(0.020)
GDP per capita		0.108**	0.114**		−0.055*	−0.068***
		(0.046)	(0.038)		(0.027)	(0.020)
Population		0.341**	0.328***		−0.025	0.023
		(0.121)	(0.088)		(0.068)	(0.031)
Pilot-scale nuclear latency		0.612**	0.548**		0.120	0.200**
		(0.209)	(0.214)		(0.112)	(0.089)
Political terror		0.021*	0.016		0.027***	0.015***
		(0.011)	(0.012)		(0.008)	(0.004)
Electoral democracy		0.019	−0.149		−0.344***	−0.196***
		(0.164)	(0.154)		(0.096)	(0.043)
Empowerment rights		0.011**	0.006**		−0.015***	−0.003
		(0.004)	(0.002)		(0.004)	(0.003)
Military coup		0.191	0.189		0.171***	0.010
		(0.116)	(0.121)		(0.042)	(0.021)
Armed conflict		0.152***	0.137***		0.035	0.016*
		(0.027)	(0.030)		(0.022)	(0.008)
One-sided violence		−0.031	−0.012		0.040	−0.012
		(0.024)	(0.025)		(0.028)	(0.013)
Year dummies	yes	Yes	Yes	yes	yes	yes
Observations	783	660	660	4810	3322	3322
Number of groups	67	62	62	195	163	163
F statistic	37,598	40.62	280.3	1.370e+07	77,515	628,643
p value	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.0251	0.175	0.224	0.0144	0.123	0.0571

Notes: Linear fixed-effects panel regression models with ongoing sanctions in the respective country-year as the dependent variable (ongoing CFSP sanctions in models (3) and (6), respectively). Driscoll-Kraay standard errors in parentheses.

*** $p < 0.01$,.

** $p < 0.05$,.

* $p < 0.1$.

Table C.3
Effect of heterogeneity in EU trade flow values on sanctions onset (differentiating between strong and weak member states).

Variables	(1)	(2)	(3)
EU economic heterogeneity (trade flows)	−0.021***	−0.018*	−0.012
(Britain, France, Germany, Italy, Poland)	(0.006)	(0.009)	(0.008)
EU economic heterogeneity (trade flows)	0.003	0.019	−0.000
(all other member states)	(0.009)	(0.013)	(0.007)
Total EU trade flows	−0.014	−0.005	0.015
	(0.015)	(0.022)	(0.012)
GDP per capita		−0.062*	−0.069***
		(0.031)	(0.020)
Population		−0.001	0.029
		(0.060)	(0.030)
Pilot-scale nuclear latency		0.122	0.200**
		(0.113)	(0.090)
Political terror		0.027***	0.016***
		(0.008)	(0.004)
Electoral democracy		−0.337***	−0.195***
		(0.097)	(0.043)
Empowerment rights		−0.015***	−0.003
		(0.004)	(0.003)
Military coup		0.171***	0.010
		(0.040)	(0.021)
Armed conflict		0.031	0.015*
		(0.023)	(0.009)
One-sided violence		0.045	−0.012
		(0.028)	(0.013)
Year dummies	yes	yes	yes
Observations	4749	3314	3314
Number of groups	194	163	163
F statistic	934,817	259,821	739,159
p value	0.000	0.000	0.000
R-squared	0.015	0.127	0.058

Notes: Linear fixed-effects panel regression models with ongoing sanctions in the respective country-year as the dependent variable in models (1)-(2) and ongoing CFSP sanctions in model (3). Driscoll-Kraay standard errors in parentheses.
*** $p < 0.01$,.
** $p < 0.05$,.
* $p < 0.1$.

Table C.4
Success of imposed sanction threats by sender (with joint EU/US sanctions as the base group).

Variables	(1)	(2)	(3)	(4)
EU imposition (without US)	0.108	0.108	−0.401	−0.241
	(0.525)	(0.530)	(0.615)	(0.387)
US imposition (without EU)	−0.887***	−0.890**	−0.881*	−0.735**
	(0.318)	(0.346)	(0.512)	(0.369)
UN imposition		−0.010	0.381	−0.208
		(0.460)	(0.637)	(0.428)
EU threat			0.013	0.104
			(0.449)	(0.377)
US threat			−0.907***	−0.645**
			(0.341)	(0.281)
UN threat			−0.211	0.064
			(0.624)	(0.392)
Embargo			−1.183	−0.485
			(0.763)	(0.791)
Constant	0.452	0.455	1.048*	
	(0.297)	(0.334)	(0.555)	
Observations	188	188	188	188
chi-square statistic	9.553	9.646	17.88	13.34
p value	0.008	0.022	0.013	0.064
Pseudo R-squared	0.036	0.036	0.074	0.021

Notes: Logit models (1)-(3) with sanctions success as dependent variable and ordered logit model (4) with the HSE score as the dependent variable. Standard errors clustered on target states in parentheses.
*** $p < 0.01$,.
** $p < 0.05$,.
* $p < 0.1$.

Table C.5
Threats and imposition of US sanctions.

Variables	(1)	(2)	(3)	(4)	(5)
Total US FDI stocks		0.005		−0.017*	−0.026
		(0.005)		(0.010)	(0.021)
Total US trade flows	0.009	0.033**	−0.031***	−0.026	−0.218***
	(0.008)	(0.015)	(0.010)	(0.016)	(0.066)
GDP per capita	−0.018	−0.038	−0.071*	−0.009	0.328*
	(0.028)	(0.056)	(0.038)	(0.044)	(0.171)
Population	−0.049	−0.150	−0.052	−0.008	−0.089
	(0.048)	(0.111)	(0.077)	(0.093)	(0.294)
Pilot-scale nuclear latency	0.049	0.070	0.060	0.177	0.419
	(0.029)	(0.052)	(0.042)	(0.113)	(0.242)
Political terror	0.012	0.012	0.034***	0.012	−0.015
	(0.010)	(0.023)	(0.010)	(0.008)	(0.028)
Electoral democracy	0.020	−0.310**	−0.309***	−0.364**	−1.877***
	(0.076)	(0.140)	(0.089)	(0.162)	(0.442)
Empowerment rights	0.003	0.008	−0.021***	−0.010**	−0.024**
	(0.003)	(0.007)	(0.005)	(0.004)	(0.010)
Military coup	0.016	0.105*	0.144***	0.063	0.239**
	(0.024)	(0.050)	(0.030)	(0.053)	(0.098)
Armed conflict	−0.010	0.011	0.008	−0.020	−0.057
	(0.012)	(0.024)	(0.035)	(0.043)	(0.127)
One-sided violence	−0.009	−0.013	0.020	−0.007	0.066
	(0.028)	(0.041)	(0.034)	(0.072)	(0.216)
Year dummies	yes	yes	yes	yes	yes
Observations	3296	1712	3296	1712	1712
Number of groups	160	154	160	154	154
F statistic	3.432e+06	45,894	2.111e+06	9451	2750
p value	0.000	0.000	0.000	0.000	0.000
R-squared	0.137	0.169	0.107	0.096	0.098

Notes: Linear fixed-effects panel regression models with the following dependent variables on the level of country-years: ongoing threats in models (1)-(2), ongoing sanctions in models (3),(4), and the intensity of imposed sanctions in model (4). Driscoll-Kraay standard errors in parentheses.

*** $p < 0.01$,.

** $p < 0.05$,.

* $p < 0.1$.

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