Coercion and Democracy: Symbolic Role of Economic Sanctions in the US

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Abstract

We assume that the motivation for the use of economic sanctions is rooted in the ambition of the policy-makers to change the behaviour of a target state. Yet, given the low effectiveness of economic sanctions, scholars suggest that sanctions are imposed to address the expectations of the domestic audience and the motivation is in fact symbolic. In this article, I test the symbolic argument and look for the presence of an audience benefit for an imposition of sanctions and an audience cost for issuing of an empty threat. I study the change in approval rating of US presidents against the TIES data set on economic sanctions and employ a two-way fixed effects differences-in-differences model. I find no evidence for an increase in popularity following an imposition of economic sanctions, nor a decline in popularity after an empty threat — counter to current scholarship. However, I do observe that US president are more likely to follow up on a threat of economic coercion if they have experienced a spell of decrease in approval ratings before the conflict. Thus, US presidents do play at the home crowd with economic coercion, but the crowd is indifferent.

1 Introduction

A few weeks before the Russian invasion on Ukraine the US President Joe Biden warned that Russia will pay "a heavy price" if it enters Ukrainian territory.[1] The word price was not used only in a figurative sense by Biden, as the US President referred to a package of economic sanctions crafted for Russia. Economic sanctions are an increasingly popular tool of US foreign policy and the US is the most frequent user of sanctions in the world. Yet, at the same time this development has critics among policy-makers in Washington; the frequent use of sanctions by the US "could undermine our leadership position within the global economy, and the effectiveness of our sanctions themselves".[2] Paradoxically, research suggests that the effectiveness of sanctions and their instrumental role in achieving the foreign policy objectives may not be at all at stakes for the decision-makers. Literature shows that American presidents receive a boost in popularity when using economic sanctions, regardless of the outcome, and economics coercion has a symbolic role of "playing at the home crowd" (Whang, 2011). The domestic-symbolic argument is further supported by research on economic sanctions as it highlights that economic coercion works rarely (Bapat and Kwon, 2015; Jeong and Peksen, 2019; Shin et al., 2015; Hufbauer et al., 2007; Drezner, 1999, 2011; Morgan et al., 2014; Morgan and Schwebach, 1997) or even hardly (Pape, 1997) — signalling a need for a logic different to instrumental for the use of economic sanctions.

The objective of this article is three-fold. First, it assesses whether US presidents observe a boost in popularity if they engage in economic sanctions — a domestic audience benefit. Second, it sets out to establish whether political leaders observe a decrease in popularity for issuing empty threats of economic sanctions — a domestic audience cost. Third, the article tests whether US voters are more likely to positively respond to a successful episodes of sanction imposition — combining the instrumental and symbolic arguments.

I replicate the study of Whang (2011), using the data on monthly approval ratings for US presidents from the Truman to the Clinton presidency — a total of 624 presidency-months. The work of Whang shows that imposition of economic sanctions increases average monthly rating of a US president by 1.2 percentage point. In this article, I take advantage of the updated TIES data set (Morgan et al., 2014) that offers more detailed information on the imposition of economic sanctions and also includes observations on threats-only of sanctions. This allows to elaborate the research design and employ a differences-in-differences (diff-in-diff) empirical strategy, along the recent advancement in sanction scholarship — where threats-only serve as counterfactual events. Moving away from a before-and-after comparison allows us to address a potential bias stemming from time trends in presidential popularity. The use of threats-only as counterfactual events allows us to further clarify our work and account for self-selection by political leaders into imposition of

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[1]https://www.theguardian.com/us-news/live/2022/jan/20/biden-presidency-democrats-senate-voting-rights-trump-live-latest

[2]https://www.treasury.gov/press-center/press-releases/pages/jl0398.aspx

sanction or merely stopping at the threat level, based on past performance in approval ratings.

I find that US presidents do not experience a boost in popularity after imposition of economic sanctions. This result also holds if we account for potential heterogeneity resulting from success of imposed sanctions. I also do not observe a decrease in the approval ratings of US presidents following empty threats. This stands in contrast to the past work on the symbolic value of economic sanctions and the research on the domestic audience cost in international conflict. However, I do observe that US president behave as if they are likely to observe a boost in approval ratings for imposition of sanctions or a drop in popularity for not following up on a sanction regime, or both. US presidents facing a foreign policy crisis are more likely to impose sanctions, rather than stop at the threat stage, if they have observed a decrease in approval ratings of around 2.5 percentage points for two consecutive months before the foreign policy crisis emerges.

Consequently, the findings of this article support the argument that foreign policy decisions are, for a part, driven by symbolic motivation; however, in a backward-looking fashion. US presidents do appear to play at the home crowd — either hoping for an audience benefit for acting up or fearing an audience cost for not acting — when experiencing a decrease in approval ratings. Yet, the data shows that neither the benefit nor the cost materialises for the policy-leaders.

The article has the following set-up. First, in Section 2, I discuss the literature related to the role of economic sanctions. Then, in Section 3, I present my research design and discuss the data, variables and methods used for the analysis. Third, I discuss the results of the analysis in Section 4. Finally, I conclude the article in Section 5 with a summary of my findings, and relate them to the broader literature on conflict in international relations.

2 Instrumental and symbolic role of sanctions

Work on the instrumental motivation for economic sanctions focuses on the effectiveness of the tool. Researchers set out to identify the conditions under which sanctions result in policy concessions from the target state and study when international cooperation is likely to lead to success (Baldwin, 1985; Morgan and Schwebach, 1997; Drezner, 1999; Baldwin, 1999; Ang and Peksen, 2007; Bapat and Kwon, 2015; Jeong and Peksen, 2019; McCormack and Pascoe, 2017; Hufbauer et al., 2007; De Vries et al., 2014; Giumelli, 2015; Drezner, 2000; Doxey, 1972; Miers and Morgan, 2002; Heine-Ellison, 2001; Martin, 1993; Bapat and Morgan, 2009). Following (Whang, 2011, 788), "the instrumental use explanation focuses on the extent to which the sender's goals are accomplished as a result of sanctions," and goals are understood as success in international affairs. This approach to the motivation underpinning economic sanctions is consistent with the Almond-Lipmann consensus (Holsti, 1992), where "public opinion on international affairs is inconsistent and largely irrelevant for foreign policy making" (Heinrich et al., 2017, 99), so the foreign policy is a field left to experts.

The competing — symbolic (or expressive) — motivation for economic sanctions is rooted in research that contrasts with the Almond-Lipmann consensus and points to the interest in foreign policy of the domestic audience and the presence of a domestic benefit to a political leader for pursing a particular foreign policy (Page and Shapiro, 1983; Holsti, 1992; Oppermann and Viehrig, 2009). These scholars argue that political leaders enjoy a domestic audience benefit for issuing economic sanctions (Galtung, 1967; Kaempfer and Lowenberg, 1988; McLean and Roblyer, 2017; Heinrich et al., 2017; Barber, 1979), regardless of the policy outcome (Whang, 2011). Voters appear to value economic sanctions because "when military action is impossible for one reason or another, and when doing nothing is seen as tantamount to complicity, then something has to be done to express morality" (Galtung, 1967, 411), and voters in democracies favour policy instruments that are "consistent with democratic values" (McLean and Roblyer, 2017, 234). Here, economic sanctions, as opposed to military interventions, appear to serve well.[3]

The benefits resulting from the symbolic value of economic sanctions are, however, "difficult to quantify" (Whang, 2011, 788). Researchers interested in the symbolic motivation for economic sanctions therefore focus on theory development (Kaempfer and Lowenberg, 1988) or employ a single-case study approach (Galtung, 1967) or experimental design (McLean and Roblyer, 2017; Heinrich et al., 2017; Nomikos and Sambanis, 2019). With the notable exception of Whang (2011), where the presence and size of an audience benefit is identified empirically for US presidents. As a consequence, scholars hardly offer estimation on how much a political leader benefits from issuing economic sanctions. In addition, research does not identify whether a successful intervention yields additional support to political leaders — a potential instrumental aspect to the variation in approval rating identified by Whang (2011).

Consequently, the literature on the symbolic role of economic sanctions positions us to further pursue two questions: (i) what is the domestic audience benefit for a political leader imposing an economic sanction, and (ii) is there an additional benefit from a successful effort?

Scholars pursuing the study of symbolic motivation for economic sanctions also ignore a body of research that incorporates both the symbolic and the instrumental motivation of policy-makers, and also brings the role of the domestic audience into consideration — the crisis bargaining literature (Schultz, 1999, 2001; Fearon, 1997, 1994; Bas and Schub, 2018; Kertzer and Brutger, 2016). In that strand of research, the sender state has to decide whether to threaten the target with coercion, or to settle for the status quo, and, if the target does resist the threat, to decide whether to follow up on the threat or back down. However, backing down on a threat is penalised by the voters because the "audience costs are about inconsistency: whether because of instrumental concerns about the country's reputation or normative concerns about national honor, publics dislike leaders who say

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[3]One could argue that symbolic motivation for sanction is also instrumental, as sanctions become an instrument of domestic politics. For the sake of consistency with current research, I retain the symbolic-instrumental distinction in this article, where the former refers to sanctions as an instrument of domestic politics and the latter to sanctions as an instrument of foreign policy, with a focus on coercing the target state to adopt a policy change.

one thing and do another" (Kertzer and Brutger, 2016, 234).

Given the experimental (McLean and Roblyer, 2017; Heinrich et al., 2017) and empirical (Whang, 2011) evidence for the presence of a domestic audience benefit for imposing an economic sanction, and indirect evidence for the presence of domestic audience cost for economic sanctions (Walentek et al., 2021), we should expect to observe directly a domestic audience cost for issuing empty threats of sanctions too, in the data on approval rates. While research has focused on the instrumental value of threats of economic sanctions (Drezner, 2003; Whang et al., 2013; Walentek et al., 2021) or inclusion of empty threats into the data on sanctions (Eaton and Engers, 1999; Fearon, 1994; Smith, 1995), the presence and size of the domestic audience cost of issuing an empty threat of economic sanction has not been studied. This allows us to pose the following question: (i) is there a domestic audience cost for issuing an empty threat of economic sanctions and, if yes, how large is it?

To summarise, economic sanctions rarely work (Morgan et al., 2014; Hufbauer et al., 2007), if at all (Pape, 1997). Despite this economic sanctions are increasingly popular (Morgan et al., 2014). To address this contradiction, scholars point to both instrumental motivation (achieving a foreign policy objective) and symbolic motivation (gaining domestic support) for economic sanctions (Bapat and Kwon, 2015; Morgan and Schwebach, 1997; Whang, 2011; McLean and Roblyer, 2017). In the research focused on symbolic motivation, scholars propose the presence of a domestic audience benefit for issuing economic sanctions (Whang, 2011) but offer limited guidance on a quantitative test for its presence and on the potential size of this effect. Researchers also overlook a potential additional domestic audience benefit resulting from a successful effort, adding an instrumental angle to the debate. Finally, scholarship does not pay attention to the crisis bargaining literature (Schultz, 1999; Fearon, 1994), and the prospect of a domestic audience cost for issuing an empty threat of economic sanctions. Consequently, in this article I set out to: (i) identify the presence and the size of the domestic audience benefit for issuing economic sanctions, (ii) study whether there is a domestic audience cost for issuing empty threats, and if yes, how large is it, and (iii) establish whether there is an additional domestic audience benefit for imposing a successful economic sanction.

The three key expectations, based on the literature on the symbolic motivation for economic sanctions and the crisis bargaining literature, are summarised by the three hypotheses below:

H1: The popularity of a political leader in a sender state increases when economic sanctions targeting another state are introduced.

H2: The popularity of a political leader in a sender state decreases if an economic sanction is only threatened but not imposed.

H3: The popularity of a political leader in a sender state increases more when introduced economic sanctions to target another state are successful.

3 Research design

3.1 Twin problem of false counterfactuals

In this study, I replicate the work of Whang (2011), however, I match it with the updated TIES data set (Morgan et al., 2014). The former offers information on the monthly approval rates of US presidents based on Gallup polls, while the later offers information on economic sanctions.[4] The updated TIES data set lists more sanction cases and information on empty threats of sanctions, unlike the first release of the TIES data used by Whang (2011). The additional data on threatened-only and imposed sanctions allows us to address potential bias in previous research and elaborate the research design, offering threats-only as a counterfactual event to imposition of sanctions — an approach consistent with recent empirical research on economic coercion (Walentek et al., 2021; Gutmann et al., 2021) and a long-standing theoretical argument (Smith, 1995).

The data on approval ratings of US president and economic sanctions calls to our attention two problems of false counterfactuals, not addressed in the past research on the symbolic role of economic sanctions. First, comparing the period just before and just after the use economic sanctions may suffer from a bias, as it does not account for the time trends. This is particularly troubling for our inferences, if political leaders are more likely to engage in economic coercion in the periods of rising or falling support for reason exogenous to the sanction itself. For example, a US president may be more likely to engage in economic sanctions when approval ratings are high and climbing thanks to a boom in the economy. The opposite may hold, a US president may experience a decline in popularity and may attempt to use economic sanctions to hedge against the loss in approval ratings. In fact, the forward and the backward-looking hypotheses discussed by Whang (2011) already signal this problem, but the empirical strategy to address this bias does not account for the embedding of the sanctions in periods longer than the month before and after the imposition of economic coercion. A visualisation of the data on US presidents approval ratings in Figure 1 further supports this concern, as time trends appear strong. We can observe that both imposed sanction, and threats of sanctions, take place within wider shifts in popularity. As a result, we should be careful about our ability to generate unbiased inference from only a "before and after" analysis of the effects of sanctions imposition on approval ratings.

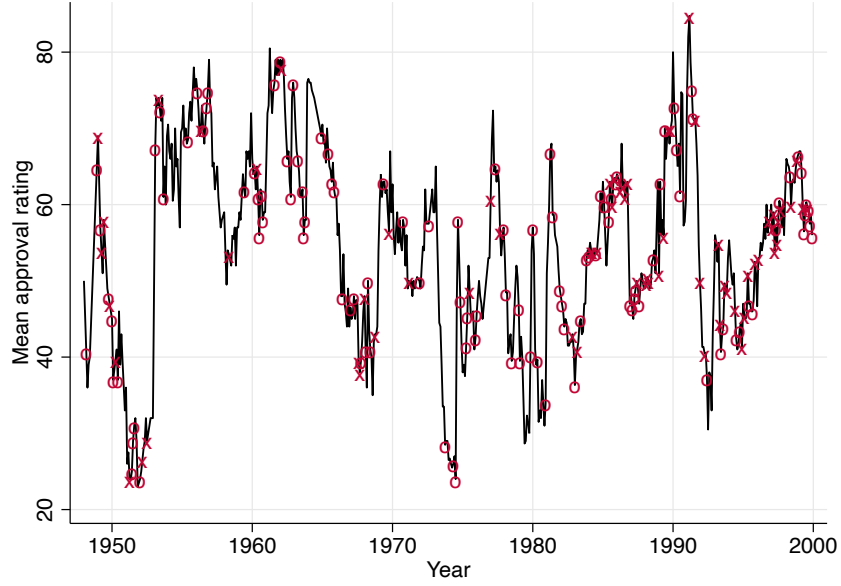[4]The TIES data set is available at: http://sanctions.web.unc.edu.

Figure 1: Approval ratings of US presidents and imposed sanctions (x) & threats-only (o).

A remedy to this issue, rooted in sanctions scholarship (Walentek et al., 2021; Gutmann et al., 2021), is to employ threats-only of economic sanctions as a counterfactual. Both threatened-only and imposed sanction allow us to compare relatively close cases; namely — instances when a US president faced a foreign policy challenge that is exogenous (at first) to the popularity dynamic itself and can be addressed with economic coercion. A comparison of the difference between the popularity of a US president before imposition of sanctions and after, with the difference in the approval ratings before and after issuing of a empty threat of sanctions should allow us to hedge against the bias posed by the time trend.[5] Yet, here we run into the risk of selection bias — our second problem with false counterfactuals. US presidents may decide to pursue a sanction regime, or stop at a mere threats, based on the past approval ratings; what reflects our earlier concern about the backward-looking strategies of policy leaders. We need to study the periods that lead up to sanction imposition and use of threats-only in order to asses whether they are not systematically different. Thus, the risk of self-selection into a threat-only or an imposition of sanction creates a risk for inferences based on a comparison between the approval rating following these two foreign policy decisions, taken by US presidents.

One potential strategy to address the twin problem of the time trend and the selection bias is the diff-in-diff design. It allows us to address the problem of false counterfactuals, by comparing the imposed sanction episodes and threatened-only sanction episodes before and after the imposition of a sanction or public use of a threat, accounting for the period leading up to the foreign policy action of imposition or issuing of a threat-only (leads) and following the two actions (lags).[6] Effectively, this

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[5]This assumes that the foreign policy challenges present themselves to policy-leaders at a random fashion and that US presidents do not orchestrate them themselves, in order to address them at a specific time to gain popularity.

[6]The use of words lead and lag are somewhat different to the customary econometric jargon when using diff-in-diff, yet strongly established in social sciences for this methodology (Angrist and Pischke, 2009).

article compares the difference in the differences of two means, where I identify the mean approval rating prior to imposition and an empty threat — and calculate the difference — and then I identify the mean approval rating after the imposition and an empty threats — and again I calculate the difference. Then, I compare the two differences to identify an effect of imposition of sanctions on popularity. The expectation is that there is no difference in the approval ratings prior to the policy action — either imposition or an empty threat. What is more, the expectation is that there is a statistically significant difference between the approval rating following the two policy actions. There are two, reinforcing, potential sources of this variation: (i) an increase of popularity following an imposition of sanctions, and (ii) a decrease in popularity following an empty threat. Both mechanism increase the difference in approval ratings between imposition and threats-only, after a decision is taken by a US president.[7] Placing this in a regression framework allows to estimate the confidence intervals for the respective values and control for the variation in approval ratings that stems from factors exogenous to economic coercion — for example economic or military — and to account for both time-invariant characteristics of presidents and time-specific aspects of the electoral cycle — adding more precision to our estimates. Furthermore, diff-in-diff allows to address one more issues that stem from the literature; namely — success of sanctions. By extending the diff-in-diff design to a triple differences design (diff-in-diff-in-diff), we can address potential heterogeneity in the imposed sanctions that stems from successful interventions. This allows to test whether political actors benefit additionally in their approval ratings from a successful exercise of economic coercion.

3.2   Unit of analysis in a complex setting

While diff-in-diff helps to account for the twin problem of false counterfactual and address potential bias resulting from selection and time trends, the data on economic sanctions and approval ratings of US presidents poses another challenge overlooked in past research , namely — the unit of analysis. In our data set we observe 624 presidency-months from year 1948 to year 2000. In this period we observe 558 policy actions — either imposition of economic sanctions or threats-only. However, the foreign policy actions are not limited to one per month — the 558 decisions took place in 231 months, leaving 393 months with neither an imposition nor a threat-only of economic coercion. As a result many months encompass both failed and successful interventions and combine imposed sanctions and threats only.[8] Consequently, if our unit of analysis is only an imposed sanction and we look at the change in approval rating following an imposition for many observations we run into two problems. First, an identification problem arises, as the same approval rating change is assigned to many sanctions. Second, omitted variable bias sets in, as some months may have a greater share of threats-only than imposed sanctions or a more successful policy actions, or both.

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[7]I use the start month, following the TIES data coders, as the reference point both for imposed sanction and threats-only.

[8]Sanctions are more successful if we aggregate them by month, a possible source of bias in our understanding of the choices of policy-makers rooted in our methods of data analysis.

The figure below offers a visual representation of this challenge and a solution to address it. Panel (a) depicts the mean rate of success of the foreign policy actions in a given months. It accounts for both imposed sanctions and threats only. The closer the value is to 1 the higher is the share of successful interventions in a given month. Yellow indicates success and blue failure. Blank spaces indicate lack of economic coercion — neither a sanction was imposed nor an empty threat issued. Panel (b) shows us the number of imposition, relative to threats-only, for each president for each month in office. The closer is the monthly score to 1 the higher the share of imposed sanctions in all economic foreign policy actions taken in a given months. Yellow rectangles indicate months with only imposed sanctions and blue shows months with only threats that were not followed upon. Panel (c) follows Panel (b) and adds information about leads (3 months up to the imposition of a sanction or issuing of an empty threat) and lags (2 months that follow the month of an imposition of a sanction or an empty threat). Again the figure depicts the relative ratio between imposition and threats-only, where a number closer to 1 indicates a higher number of impositions, leads of impositions or lags of impositions — relative to threats only. As in Panel (b), yellow depicts impositions and blue threats only.[9] The data observes 534 presidency months that are either a lead or a lag. Not all US presidents served full 96 months, hence a white tail for a number of observations.

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[9]It may not be immediately clear to the voters that threats of sanctions are a bluff and will not be followed upon, nor voters may immediately observe a success of an intervention. This temporal aspect of foreign policy interventions may bias our results — the study may not be able to observe a domestic audience cost as it sets-in only once voters realise the threat is empty. Equally, I may also not capture the heterogeneity in voters preference resulting from success of a policy as the success may also arrive after the policy action. The two months (lags) that follow the policy action month are aimed to address this potential bias, yet it may not be a sufficiently long time frame.
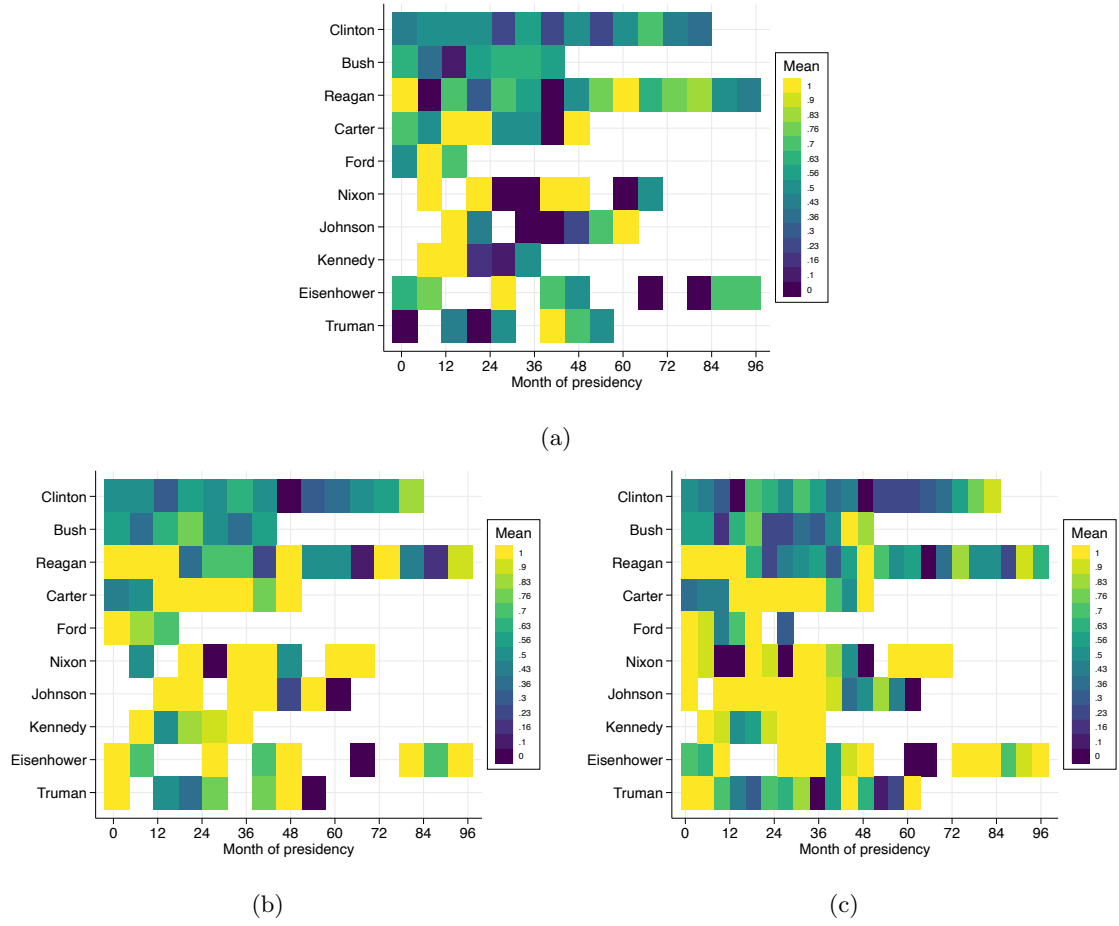
(a)

(b)

(c)

Figure 2: Imposed sanctions and threats-only over time for US presidents — (a) mean rate of success, (b) imposed sanctions relative to threats-only and (c) imposed sanctions relative to threats-only — including 3 leads and 3 lags.

The three panels help us to understand the complexity of the data and visualise the potential solution. In this study, I divide the sample into four categories. First, the time before the imposition of an economic sanction or an empty threat, and I identify 3 months before the policy actions as leads (i.e. months leading up to the policy action). Second, the time after the imposition of an economic sanction or an empty threat, and I identify both the imposition or threat month and two following month (lags). I further divide the before and after period into the months that were leading up to (leads) and following (lags) an impositions and the leads and lags of empty threats. I use the relative imposition measure to determine whether a particular month identifies as an imposition or a threat-only, with the relative imposition score above 0.5 indicating an imposition.[10] This organisation of the data allows us to employ a diff-in-diff analysis, with a clear-cut before and after period and an assignment of treatment (i.e. imposition of economic sanctions) and control (i.e. threats only) groups. It also allows to study potential heterogeneity in the treatment assignment, employing the diff-in-diff-in-diff design, where we observe whether the treatment has a larger effect for presidency months with a mean success rate greater than 0.5. In other words, whether voters

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[10]The results are robust for small changes in the threshold value.

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are more responsive if most of the foreign policy actions in a given month resulted in a change in the behaviour of the target state.[11]

3.3 Data and analysis

The data is composed of 624 presidency months. For each month I identify the president, mean approval rating of the president, time in months until the next election (Presidential and Midterm), whether a particular month qualifies as treatment (dummy equal to 1, based on the relative share of imposed sanctions greater than 0.5) or control (dummy equal to 0, based on the relative share of threatened only sanctions equal or smaller than 0.5), respective leads and lags (dummy, 5 additional periods in total, 3 leads and 2 lags), success (dummy based on the relative ratio of successful interventions in a month greater than 0.5), level of inflation and unemployment and a dummy variable that indicates whether a major war occurred in a given term. The data on the approval ratings, state of economy, major wars and duration between elections is based on the work Whang (2011), where the approval data is based on average monthly Gallup poll. The data on economic sanctions — imposed and threats-only — and success of coercion is based on the updated TIES data set (Morgan et al., 2014).

Table 1 provides an overview of the sample:

Table 1: Summary statistics.

Variables	N	Mean	SD	Min	Max
president	624	5.671	2.889	1	10
approval rating	624	54.43	12.77	23	84.75
unemployment	624	5.678	1.575	2.5	10.8
inflation	624	71.30	48.09	23.4	168.3
election proximity	624	11.5	6.928	0	23
major war	624	0.00481	0.0692	0	1
success	534	0.206	0.405	1	0
treatment $post_1$	534	0.174	0.380	0	1
treatment $post_2$	534	0.170	0.376	0	1
treatment $post_3$	534	0.178	0.383	0	1
treatment pre_1	534	0.176	0.381	0	1
treatment pre_2	534	0.176	0.381	0	1
treatment pre_3	534	0.185	0.389	0	1

I use a two-way fixed effects diff-in-diff model with a formal specification of the leads and the lags, based on the work of Autor (2003). The model has the following specification:

$$y_{(i,t)} = \lambda_i + \delta_t + \beta_{-3}D_{(i,t)} + \beta_{-2}D_{(i,t)} + \beta_{-1}D_{(i,t)} + \beta_1 D_{(i,t)} + \beta_2 D_{(i,t)} + \gamma_{i,t} + \epsilon \quad (1)$$

where y is our outcome variable, *approval rating*, for president i at time t, λ and δ are, respectively, individual (*president*) and time (*election proximity*) fixed effects. D indicates the treatment dummy (the leads and the lags), and γ is a vector of control variables. Our parameter of interest is β_1, it

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[11]Successful threats may result in an increase in popularity too; this undermines our ability to identify an effect of imposition of sanctions on approval rating as successful threats may increase the mean approval rating in the control group (threats only). Findings from a robustness test where I drop successful threat-only episodes does not differ from our main findings.

shows us the treatment effect in the month of the sanction imposition. Parameter β_2 shows us the treatment effect in the month following the imposition and allows to identify a potential decay effect of the treatment. I omit the last lag in the specification in order to avoid the dummy variable trap, and I incorporate three leads into the model. The parameters of the leads, respectively, β_{-3}, β_{-2} and β_{-1} offer a formal test for the parallel trend and inform us about potential self-selection into treatment. The individual fixed effect, at the president level, allows to account for the variation in the outcome variable that is specific to a particular president but time-invariant. The time fixed effects, at the election proximity level, allows us to account for variation that is specific to the electoral process, but constant for all presidents. Control variables allow us to account for the variation in the approval rating that stems from economic factors relevant for different socio-economic groups (*unemployment* and *inflation*) and from another form of coercion in international relations, namely — military interventions (*major war*). To account for potential heterogeneity in the treatment rooted in success of a policy action, I follow the diff-in-diff-in-diff design introduced by Gruber (1994) and interact the constitutive terms in the diff-in-diff model specified in Equation 1 with the dichotomous *success* variable. Here the parameter of interest is the interaction of the first lag listed in the model specification in Equation 1 (*treatment post*$_1$ with the *success* variable.

4   Results

In Table 2, I report the results of the difference-in-differences estimation, where I examine the effect of imposed sanctions and threats-only on the approval rating of US presidents. Model (1) and (2) follows the specification from Equation 1, based on the work of Autor (2003). Model (3) and (4) extend this framework following Gruber (1994) and interact the *success* variable to obtain a triple differences regression. In all models, I include both president fixed effects and election proximity fixed effects. Model (2) and Model (4) also control for economic and military conflict factors' influence on the approval ratings of the US presidents. For clarity, I do not list all the coefficients for each model and limit Table 2 to the estimates of core interest only. Models (1) to (4) use robust standard errors to account for potential heteroskedasticity.

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Table 2: Effect on approval rating — difference-in-differences(-in-differences) estimation. Standard errors are displayed in parentheses: *** indicates $p < 0.01$, ** indicates $p < 0.05$ and * indicate $p < 0.1$.

Variables	Model (1)	Model (2)	Model (3)	Model (4)
approval rating				
treatment pre_3	-1.191	-1.145		
	($\pm$1.262)	($\pm$1.235)		
treatment pre_2	**-2.310****	**-2.491****		
	($\pm$1.154)	($\pm$1.096)		
treatment pre_1	**-2.379****	**-2.694****		
	($\pm$1.175)	($\pm$1.122)		
treatment $post_1$	-1.294	-1.519		
	($\pm$1.145)	($\pm$1.096)		
treatment $post_2$	-0.727	-1.112		
	($\pm$1.138)	($\pm$1.111)		
success $\times$ treatment $post_1$			2.952	1.780
			($\pm$3.082)	($\pm$2.977)
major war		10.58		10.44
		($\pm$7.449)		($\pm$8.883)
inflation		**-0.337*****		**-0.332*****
		($\pm$0.0712)		($\pm$0.0765)
unemployment		**-2.289*****		**-2.177*****
		($\pm$0.440)		$\pm$(0.461)
Constant	**42.40*****	**61.37*****	**42.23*****	**60.81*****
	($\pm$2.831)	($\pm$4.317)	($\pm$3.140)	($\pm$4.699)
Observations	534	534	534	534
R-squared	0.430	0.473	0.476	0.513
President FE	YES	YES	YES	YES
Election proximity FE	YES	YES	YES	YES
Control variables	NO	YES	NO	YES
Diff-in-Diff-in-Diff	NO	NO	YES	YES

First, I asses Hypothesis (1), where I expect that imposition of economic sanctions increases the popularity of a political leader, and Hypothesis (2), that argues that empty threats decrease the popularity of the policy-maker. The former hypothesis is rooted in the domestic audience benefit argument, where political leaders experience a boost in popularity for issuing of a sanction, regardless of the outcome. The latter hypotheses represents a key concept in conflict bargaining theory, where political leaders experience a domestic audience cost for not following up on promises. In contrast to past scholarship, I do not find support for the presence of a domestic audience benefit, nor for the presence of a domestic audience cost for US presidents in respect to economic coercion. The coefficient for the *treatment post$_1$* variable is not statistically significant. This tells us that US presidents do not observe a boost in approval ratings following an imposition of an economic sanctions, nor they experience a domestic audience cost if they issue only a threat. I find that the audience appears to be indifferent to their foreign policy choices. I also account for a potential delay, or decay, in the effect of the imposition or threats only with a lag *treatment post$_2$*; however, this coefficient is also not statistically significant. Thus, I fail to identify a domestic audience cost or a domestic audience benefit for US presidents for economic sanctions and, as a results, I reject Hypothesis (1) and (2)

Second, I test Hypothesis (3), that argues for the presence of the domestic audience benefit if, and only if, a sanction regimes is successful. This hypothesis combines the instrumental and symbolic motivation for imposition of economic sanctions. In Model (3) and (4), where I conduct a diff-in-diff-in-diff analysis, the interaction between the dichotomous *success* and *treatment post$_1$* variable

is not statistically significant, despite the coefficients pointing in the expected direction. Hence, I do not identify heterogeneity in our treatment condition that may possibly undermine our findings from Model (1) and (2) and offer an instrumental angle to the domestic audience benefit argument. Threats-only that result in success may be a potential source of bias that underestimates the effect of successful imposition. However, estimations on a censored TIES data set, where successful threats of sanctions are removed, do not yield different results from the main findings. Consequently, I reject Hypothesis (3) too.

Third, while there is no evidence for a domestic audience benefit or cost in respect to economic coercion, the data suggests a pattern of behaviour of US presidents consistent with the literature. In Model (1) and (2), I observe that the two consecutive months before a foreign policy issue arises, estimated with the two respective leads $treatment\ pre_2$ and $treatment\ pre_1$, observe a negative (loss of around 2.5 percentage points in approval ratings) and statistically significant ($p < .05$) coefficient.[12] This indicates that US presidents self-select into threats-only and imposition of sanction; policy-makers are more likely to impose a sanction if they observed a decrease in approval ratings in the two months leading up to the foreign policy conflict. In other words, while I do not observe a meaningful difference after an imposition of a sanction or issuing of an empty threat, I do observe a statistically significant difference in the approval rating dynamics in the time up to an imposition of sanctions or issuing of threats-only. I also observe that the negative trend decays, as me move back in time, and the first lead, $treatment\ pre_3$, losses statistical significance. Hence, we observe that US presidents are backward-looking and a spell of a loss in the approval rating makes them more likely to impose a sanction, rather than stop at a mere threat. This may be driven by policy-makers hope for a domestic audience benefit or a fear of a domestic audience cost, or both. While in fact none of the effects appears to be present and voters seem indifferent to economic coercion — whether it is imposed or merely threatened and successful or not.

5   Conclusion

The objective of the research presented in this article is to study the symbolic motivation for economic sanctions. To this end, I determined whether political leaders experience a decrease in popularity for issuing an empty threat of economic sanctions, an increase in popularity for imposing an economic sanction, and an additional boost in voters' approval for a successful sanction effort. The theoretical framework of domestic audience benefits and costs resulting from foreign policy decisions of political leaders, and the potential role of the policy outcomes, underpinned the expectations put forward in this article. As a result this article speaks both to the literature on economic sanctions and on crisis bargaining in international conflict, and meaningfully contributes to both, intertwined, scholarships.

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[12]For reference, the US trade war with China led to a 2 to 3 percentage point decrease in the approval rating (month to month) of President Trump in the summer of 2019 (see: https://edition.cnn.com/2019/09/10/politics/trump-approval-rate-economy-poll/index.html).

I find no evidence for the presence of a domestic audience benefit for issuing economic sanctions in the approval ratings of US presidents, nor a domestic audience cost for not following up on a threat. I also find no evidence of an additional benefit from engaging in successful economic sanction. This study fails to support both the empirical (Whang, 2011) and experimental (McLean and Roblyer, 2017; Heinrich et al., 2017) research on domestic audience benefit and economic sanctions. Nor do I observe the empirical implications arising from the crisis bargaining theory on the presence of a domestic audience cost for not following up on threats of coercion (Schultz, 1999; Fearon, 1994; Kertzer and Brutger, 2016). This set of non-findings may at first appear as a scratch to the foundation of a broad body of work based on the crisis-bargaining model and the underlying expectations of domestic audience cost (Whang and Kim, 2015; Drezner, 2003; Morgan and Campbell, 1991; Whang et al., 2013; Lacy and Niou, 2004; Whang, 2011; Blanchard et al., 2000; Lektzian and Sprecher, 2007; Dorussen and Mo, 2001; Lektzian and Souva, 2003; Wallace, 2013; Hart, 2000).

However, I do find that US presidents act as if domestic audience benefit or domestic audience cost, or both, are present and they do appear to "play at the home crowd" when engaging in economic coercion. The difference-in-differences analysis shows that US presidents are more likely to choose imposition over mere threats of sanctions if they have experience a decrease in approval ratings in the two months that precede a foreign policy conflict. This signals that US presidents are backward-looking in their foreign policy choices, at least in respect to economic coercion and part of the motivation for economic coercion may in fact be rooted in symbolic motivation. Consequently, we are also likely to observe the empirical implication of domestic audience costs and benefits, while it may actually not materialise for the policy-makers.

This article contributes to four important aspects of the study of coercion in international relations. First, it argues that there is no audience benefit for imposition of economic sanctions, even if we account for the success of interventions. Second, it shows that there may be no domestic audience cost for policy-makers, if they do not follow up on threats. Third, the article shows that US presidents may act as if the audience cost or benefit, or both, are present. This supports the fact that research does observe the empirical implications of the audience costs and benefits; it also offer scope for future research. Policy-makers could learn that their action does not bring expected benefit and may adjust their behaviour accordingly. Fourth, this research highlights a broader and paradoxical dynamic; namely — democratisation may stimulate rise in economic conflict, and explain part of the continuous increase in the use of economic coercion since the end of the Cold War.

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