Sanctions and Democracy:

The Limits of Peace

Dawid Walentek

dawid.walentek@ugent.be

Ghent University

Ghent Institute for International and European Studies

Abstract

Scholars have argued whether democratic peace also holds in the realm of economic sanctions — whether there is an economic peace. Substantial amount of evidence has been gathered both for and against economic peace. This article provides a new insight, with the use of the updated TIES data set on sanctions and two data sets on democracy (Polity IV and V-Dem), into the topic of economic peace. It finds that democracies are both more likely to issue economic sanctions and that there is no economic peace. In fact, the opposite holds and democracies are more likely to sanction one another. This study indicates that economic coercion in international relations is driven by the constraints and incentives that public opinion and interests groups place on democratic leaders.

Introduction

Democracies do not go to war with one another (Bueno de Mesquita et al., 1999). However, does this special relation between democracies extend beyond the military domain, to economic sanctions?[1] Although researchers have argued that domestic structural constraints that democratic leaders face (Lektzian and Souva, 2003), or norms that they follow (Cox and Drury, 2006) ought to make democracies less likely to sanction one another, empirical findings on the presence of economic peace are mixed (Lektzian and Souva, 2003; Cox and Drury, 2006; Hafner-Burton and Montgomery, 2008), and the relationship between economic and democratic peace remains unclear.[2]

The expectation of democratic peace is based on the theoretical premises that political leaders are voted out of the office in case of a war that is lost, and that democratic societies are resilient targets of military interventions (Bueno de Mesquita et al., 1999). The argument is that interaction between these structural characteristics of democracies makes war between them unlikely. Scholars also go beyond the structural argument and point to normative factors underlying democratic peace, for example, a common value system shared by democratic societies (Dixon, 1994). These structural and normative approaches to democratic peace are mirrored in the theoretical work on economic peace, which argues that the same set of constraints that restrains democratic leaders from engaging in war ought to diminish the prospects for economic sanctions (Lektzian and Souva, 2003; Cox and Drury, 2006). However, the theoretical frameworks on economic peace, derived from the democratic peace literature, are at odds with research on economic sanctions. First, scholars find that voters favour economic coercion regardless of the outcomes of the policy and the democracy level of the target state (Whang, 2011). Second, there is no evidence that democracies are more resilient targets of economic sanctions, nor that democratic leaders are less likely to impose sanctions on important economic partners (Bapat and Kwon, 2015). This would suggest that the building blocks of the democratic peace theory are not empirically supported with respect to economic peace and, consequently, the relationship between the democratic and the economic peace is not straightforward.

This article shows that democracies are more likely to issue economic sanctions and that there is no economic peace between democratic states. In fact, democracies are more likely to sanction one another — thus, the opposite of an economic peace seems to exist in international relations. The empirical findings of this article point to the role of public opinion, and signal that democracies are more likely to issue sanctions because the objective of elected leaders is to respond to interest groups and build broad domestic support. Through economic sanctions democratic leaders appear to address both the foreign policy and the protectionist demands.

[1] I define economic sanctions, following Morgan et al. (2014), as "actions that one or more countries take to limit or end their economic relations with a target country in an effort to persuade that country to change its polices".

[2] I define economic peace as a propensity of "democratic states to be less likely to sanction one another compared to other regime types" (Wallace, 2013).

Literature Review

Democratic Peace

Democratic peace, one of the major tenets in political science, rests on the argument, and repeated empirical evidence, that democracies do not wage war against one another. It emerged in its current form nearly 200 years after Kant's work on perpetual peace, where a similar argument is presented (Russett et al., 1998), as a field of research focused on establishing a statistical relation between democracy and peace (Babst, 1972; Small and Singer, 1976). After establishing the presence of this relation, scholars went on to assess the mechanisms underpinning the apparent democratic peace, focusing predominantly on the structural (Bueno de Mesquita et al., 1999) and normative (Dixon, 1994) constraints that prevent democratic leaders from engaging in war.

The structural approach to democratic peace emphasises two aspects: the resilience of democratic states in face of conflict and lack of appetite among voters for war. With respect to the first argument, democratic states are considered resilient targets of military interventions, because of the rally-round-the-flag effect. Citizens in democracies strongly resist a foreign intervention, making a successful military campaign against a democracy unlikely (Mueller, 1970; Bueno de Mesquita et al., 1999). And, as voters in democracies tend to punish leaders who lose a war, democracies are less likely to target other democracies with military intervention (Bueno de Mesquita et al., 1999). With respect to the latter, citizens being the ones bearing the burden of a military confrontation, in terms of both economic cost and human loss, makes war efforts unlikely to be popular with voters. This makes war a difficult platform to build political capital on, further reducing the prospects of a war between democracies (Morgan and Campbell, 1991). Thus, following the structural democratic peace argument, a political leader interested in preserving power will be less likely to engage in military conflict with another democracy, fearing a prolonged war that eventually fails and the popular discontent that accompanies a military intervention, both of which are likely to remove a politician from office.

With respect to the normative approach, scholars argue that, as a result of shared norms and liberal values, democracies are less inclined to engage in military conflict with other democracies. The argument is that democratic states have developed a sense of community, and have institutionalised this communal sentiment. In turn, these institutions allow for non-violent resolution of conflict between democracies (Dixon, 1994; Maoz and Russett, 1993).[3]

[3]Literature on democratic peace is broader than the discussed publications; however, scholarship on economic peace — which constitutes the core interest of this article — relates predominantly to the discussed concepts. For an overview of the literature see Hayes (2012).

Economic Peace

The idea of democratic peace and the particular behaviour of democracies in conflict situations has prompted a search for parallel trends for economic sanctions. Following the structural democratic peace argument and borrowing from research on public opinion and foreign policy (Kaempfer and Lowenberg, 1988), Lektzian and Souva (2003) propose that the presence of democratic institutions makes democracies less likely to sanction each other but more likely to issue sanctions relative to non-democracies. Both characteristics are a result of the constraints that democratic leaders face. First, following the democratic peace argument, due to high costs of a failed foreign policy — removal from the office — incumbents prefer weak targets. Consequently, as democracies are known for their resilience, democratic leaders are more likely to select non-democracies as targets of economic sanctions, and are less inclined to sanction one another. Second, relating to the public opinion approach, winning coalitions in democracies tend to be broad and encompass a large variety of interest groups, concerning, for example, security, human rights or protectionist demands. Consequently, democratic leaders are more prone to use sanctions in order to stay in office because they have to satisfy a broader audience than their autocratic counterparts, for whom a number of concerns, like championing human rights abroad, are not relevant to staying in power.

Lektzian and Souva (2003) find empirical support for the structural economic peace argument, and observe that democracies are both more likely to issue sanctions and less likely to sanction one another. Nevertheless, other recent empirical evidence suggests that, regardless of the policy outcome, democratic leaders receive a domestic audience benefit from the use of economic sanctions (Whang, 2011), and that there is no empirical evidence for democracies being more resilient in face of economic coercion (Bapat and Kwon, 2015). Furthermore, the structural democratic peace and public opinion approach to sanctions — two frameworks that, according to Lektzian and Souva, work together — may hold independently. If the benefit to a democratic leader from pursuing a sanction policy, for example by additionally sheltering a domestic industry from foreign competition (Pond, 2017) or from the symbolic value of sanctions imposition to voters (Whang, 2011), is greater than the cost resulting from a failed policy attempt, then we will not observe economic peace, but there will be a higher propensity among democracies to issue sanctions (regardless of the target) — driven by the sentiments of the public and the responsiveness of democratic leaders. On the other hand, we may observe economic peace only, because of the potentially large audience costs (Schultz, 1999) for a democratically elected leader associated with losing a sanction episode — under the assumption that democracies are resilient targets of economic coercion. This may occur while sanctions generate a coalition broad enough to boost popularity for a democratic leader and result in an inclination to restore more frequently to economic coercion; however, only against non-democracies.

Cox and Drury (2006) provide empirical evidence on economic democratic peace and highlight the effects of norms, rather than institutions, on the relations between democracies. This follows

the normative argument in the democratic peace literature (Dixon, 1994) that democracies are more likely to pursue a norms-based foreign policy. Since democracies advocate human rights and democratisation with economic sanctions, they exhibit a higher propensity to target non-democracies with economic coercion. Cox and Drury (2006) further argue that the fact that democracies do not sanction each other is a result of shared values. This contrasts with Lektzian and Souva (2003), who argue that only strong economic ties and structural incentives drive economic peace between democracies. However, scholarship on economic sanctions appears at odds with the normative economic peace framework. The domestic audience rewards the political leader of the sender state regardless of the motivation for imposition (Whang, 2011) and, more broadly, economic sanctions show a poor record with respect to addressing human rights issues (Peksen, 2009).

Consequently, we can summarise the existing theoretical work on economic peace in four sets of observable implications. First, if both the structural economic peace and the public opinion arguments hold, we ought to observe that more democratic states (i.e., observing more of the institutional building blocks of democracy) are less likely to sanction one another, more likely to issue sanctions, and less likely to be a target of economic sanctions. Second, if only the structural economic peace argument holds, we ought to observe that more democratic states are less likely to sanction one another and less likely to be a target of economic coercion. Third, if only the public opinion argument holds, we ought to only observe that more democratic states are more likely to issue economic sanctions, regardless of the target. Finally, if only the normative approach holds, we ought to observe that more democratic states are less likely to sanction one another and more likely to issue sanctions. In order to assess these theoretical expectations, this article tests the following three hypotheses:

H1: More democratic states are less likely sanction one another.

H2: More democratic states are more likely to issue economic sanctions.

H3: More democratic states are less likely to be a target of economic sanctions.

Research design

Recent work on economic peace uses the first edition of the TIES data set to identify instances of economic coercion (Morgan et al., 2014). In this article, I use the updated TIES data set; it contains 59% more cases of sanctions and covers additional years, relative to the first edition. In respect to democracy scores of sender and target states, previous work on economic peace use the Polity IV data set (Marshall et al., 2018). In this article, I employ the Polity IV data alongside more detailed data on democracy offered by the V-Dem project (Coppedge et al., 2020). With respect to the empirical strategy, I assess whether more democratic states are more (or less) likely to impose sanctions, to receive sanctions, and to impose sanction on one another. I conduct the analysis with

a logistic regression and treat threats of sanctions that have not been followed with an imposition as a counterfactual to imposed sanctions. This design is possible thanks to a unique quality of the TIES data set, where both information on imposed sanctions and on threats-only is reported. I use the following statistical model to test for the the role of democracy and presence of economic peace:

$$P(Imposition) = \frac{1}{1 + \exp\{-(\beta_0 + \beta_1 V + \beta_2 I + \beta_3 VI + \beta_4 C)\}} \quad (1)$$

where V is the independent variable that approximates the level of democracy of the sender state, I is the independent variable that approximates the level of democracy of the target state, VI is a product of the two democracy scores, C represent a vector of control variables, and the outcome of interest is the probability of imposition of economic sanctions.

Data

The Threat and Imposition of Sanctions (TIES) data set (Morgan et al., 2014) draws on 1,412 cases and covers the period from 1945 to 2005.[4] The key contribution of this data set, apart from expanding the number of cases, is information on sanction threats for 1,053 cases. This allows researchers to distinguish between imposed sanctions and threats only, creating scope for a counterfactual analysis closely aligned to theoretical work on economic coercion. In the TIES data set 48% of sanctions are in the trade domain. The remaining 52% are sanctions related to non-trade issues, for example non-proliferation. The US is the most active actor with respect to economic coercion, and has participated in 48% of the cases in the data set. If a negotiated settlement outcome and an on-going case are treated as failures, the effectiveness of economic sanction in the TIES data is 27%. If negotiated settlement is treated as a success but the on-going cases still as a failure, the success rate of sanctions increases to 40%. In this study, I employ the latter definition of success, as is common in research using the TIES data (Bapat and Kwon, 2015; Bapat and Morgan, 2009).

The Polity IV data set (Marshall et al., 2018) provides information about the level of democratisation of states over time.[5] The observations, from 1800 to 2017, offer insight into the quality of democracy among 167 states. I use the *DEMOC* variable, which varies from 0 to 10, a numerical score for the number of democratic institutions that a country observes, where 0 is an autocracy, where citizens have no influence on the government, and 10 stands for a fully democratic society, with a complete array of democratic institutions. However, the democracy score is only available for 1,221 sender states and 1,249 target states and for 1,100 sender-target pairs. If an economic sanction is multilateral, I use the democracy score of the primary sender of the sanction, as identified by the TIES data coders. Focusing solely on cases where a public threat was issued decreases the number for the sender-target democracy dyads to 807 cases.

[4] Available at: http://sanctions.web.unc.edu.
[5] Available at: http://www.systemicpeace.org/inscrdata.html.

Data from the V-Dem project (Coppedge et al., 2020) offers fine-grained information on democratic processes and democracy scores.[6] In this article, I use the *Electoral democracy index* that places particular focus on the degree to which leaders are responsible to the citizens. This is addressed through a number of institutional building blocks, namely — extensive popular suffrage, independent and competitive media, active civic organisations, and elections that are regular and fair. This measure is closely related to the theoretical considerations in the literature on economic peace that focus on the role of public opinion and structural constraints in shaping the decision of the political leader to engage in sanctions. I observe the *Electoral democracy index* for 1,319 sender states and 1,384 target states, while identifying 1,100 dyadic scores. The *Electoral democracy index* is an interval from 0 to 1 and a higher score represent more building blocks of an electoral democracy identified by the V-Dem coders. I transform the index by multiplying it by 10 and rounding to the nearest whole number. This strategy upholds the continuous character of the data while also allowing to generate a dyadic score. As before, if an economic sanction is multilateral, I use the index assigned to the primary sender of the sanction. Cases where a public threat was issued decreases the number of dyads for the V-Dem data to 950 cases.

Variables

In this study, I use the continuous score on the *DEMOC* variable from the Polity IV data set and the *Electoral democracy index* from the V-Dem data set, while past research employed a dichotomised outcome assigning a democracy status to states with a *DEMOC* (or *POLITY*) score above 7. The richer and continuous nature of the data allows for a more nuanced understanding of the relation between democracy and economic coercion, and traces changes in behaviour of senders and targets for a range of outcomes. What is more, scholars of democratic peace have already called for the use of a continuous democracy variable so that the findings are not merely an artefact of data separation (Bennett, 2006).

The dependent variable *Imposition* allows to identify a conflict between states and its potential onset, when the sender decides to move from the threat level to actual imposition of economic sanctions. The variable is binary and generated from the TIES data set. The two independent variables of main interest — *Democracy score sender* and *Democracy score target* — are based on the Polity IV (*DEMOC* score) and the V-Dem data sets (*Electoral democracy index*), and identify the level of democracy of the sender and of the target states, respectively.[7] I use these two variables to study whether democracies are more or less likely to issue and receive sanctions, and to generate the interaction effect necessary for testing the economic peace hypotheses. The *Dyad Democracy*

[6] Available at: https://v-dem.net/data/the-v-dem-dataset.

[7] In order to allow for easier cross-data sets comparison, I standardise the democracy score of the sender and the target state (Afshartous and Preston, 2011). In the regression models, I refer to the variables with an "std" prefix to indicate the standardisation. I standardise the variables to a standard deviation of 1 and a mean of 0. This operation does not have any effect on the significance level or the sign in the regression results.

variable is an interaction (product) between the democracy levels of the sender and the target; the higher the score on this variable, the more democratic the sender-target pair.[8]

It is important to highlight that the empirical strategy of previous scholars of economic peace (Cox and Drury, 2006; Hafner-Burton and Montgomery, 2008; Wallace, 2013; Lektzian and Souva, 2003) was to test whether democracies are more likely to send, receive or target one another with economic coercion when they formed a "potential economic conflict" dyad. Thus, the counterfactual observations in the literature on economic peace were not all country pairs that did not observe a sanction in a given year, but pairs of countries at risk of conflict also observing scope for exercising it in the economic domain. The empirical strategy in this article is to assess whether democracies send, receive or target one another with economic coercion if there is a prospect of conflict with economic means (i.e. a threat of economic sanctions has been issued). Consequently, this research does follow previous empirical strategy and also uses "potential economic conflict' dyads as counterfactual (i.e., threats-only); yet, it takes advantage of the fact that the updated TIES data set offers a well-defined and replicable set of such observations. What is more, the theoretical case for threats-only as counterfactual observations to the use of coercion is strongly embedded in the literature on economic sanctions (Drezner, 2003; Smith, 1995; Eaton and Engers, 1999; Lacy and Niou, 2004) and war (Schultz, 1999), and is also present in the recent empirical work on economic sanctions (Schmid et al., 2021; Walentek et al., 2021; Gutmann et al., 2021).

In the analysis, I account for a number of alternative predictors of imposition of economic sanctions. To start, I control for the expected cost of economic sanctions to the target state, as estimated by the coders of the TIES data set (Morgan et al., 2014). I expect that part of the variation in the decision of states to impose a sanction is determined by the economic leverage of the sender state over the target, as research shows that high expected costs are likely to lead to success at the threat stage (Drezner, 2003; Walentek et al., 2021). I also control for the reputation effect (Peterson, 2013), by accounting for the commitment of the sender to past sanction episodes, based on the sender's commitment indicator in the TIES data set. Threats of sanctions from senders that have a poor record of commitment to past imposed sanctions may be treated differently by targets, as the eventual cost of conflict may be negligible. Next, I control for the diplomatic relation between the sender and the target using the Correlates of War data on formal alliances (Gibler, 2009). I expect that part of of the variation in the decisions to engage in economic coercion may be driven by institutional constraints on other types of coercion. Following Wallace (2013), I control for security objectives, and offer a variable that separates sanctions with a security objective from others.[9] This

[8] For both measures of democracy multiplication by 0 creates a risk of a skewed distribution of dyads. For example, any autocracy-full democracy dyad will generate a product equal to 0, indistinguishable from an autocracy-autocracy dyad. I have conducted a robustness test adding 1 to both democracy scores for senders and targets (thus a potential range from 1 to 11) to address this issue and the results are consistent with main findings.

[9] I identify the following categories from the TIES data set as security-related: "Contain Political Influence"; "Contain Military Behavior"; "Destabilize Regime"; "Release Citizens, Property, or Material"; "Solve Territorial Dispute"; "Deny Strategic Materials"; "Retaliate for Alliance or Alignment Choice"; "End Weapons/Materials Proliferation" and "Terminate Support of Non-State Actors".

follows from the expectation that security consideration play a pronounced role in foreign policy decisions. Furthermore, I control for whether the sanction is multilateral (Bapat and Morgan, 2009), based on the information on sanction senders from the TIES data set. A higher number of senders is likely to systematically affect the decision to engage in economic coercion, for example through a UN design of sanction and its binding character. I also control for the role of the US (Wallace, 2013; Hafner-Burton and Montgomery, 2008; Haas, 1997) with a dichotomous variable that takes a value of one if the US participated in a sanction regime as a sender, based on the TIES data set. This responds to the suggestion that US showcases a unique behaviour in respect to the use of economic coercion.

Threats & Success

The distribution of the observations in the TIES data set on imposition, success and democracy of the sender and the target of economic sanctions has the following structure. In the part of the sample where threats are made public and are observed by the coders, threats succeed in 48% of the cases, and imposed sanctions succeed in 38%. Unsuccessful threats are followed by imposition in 62% of the cases. In 287 cases, the threat of economic sanctions is followed by an imposition where both the sender and the target were democracies.[10] This is a substantial increase compared to previous research on economic peace, where there were only five cases of two democracies sanctioning one another (Cox and Drury, 2006; Hafner-Burton and Montgomery, 2008; Lektzian and Souva, 2003). Moreover, in the TIES data set there are 486 cases of threats followed with a sanction and 567 cases of threats-only. In 617 cases, the conflict (i.e. either a threat-only or imposition of economic coercion) involved a democratic dyad, and in 436 cases at least one party in the conflict was not a democracy. There are also 117 cases of a democracy following up on a sanction threat to a non-democracy, and 50 cases of a non-democracy pursuing a sanction threat against a democracy.

Part of the variation in the sample can be explained by the success of threats: senders do not follow up with an imposition of economic measures because the policy demand has been met at the threat stage. In fact, the crisis bargaining literature suggests that those economic sanctions most likely to succeed should end at the threat stage (Drezner, 2003), that democracies ought to be more likely to succeed at the threat stage (Schultz, 1999), and that threats are more successful for economically interdependent states (Whang et al., 2013). Thus, based on the crisis bargaining literature, democracies should be less likely to follow up on threats of sanctions in general, a result arising from the high success rate at the threat stage predicted by the literature.

Thus, the crisis bargaining literature suggests that it is precisely the high effectiveness of democracies at the threat stage that may drive economic peace, offering an alternative theoretical underpinning for this empirical phenomenon. Consequently, removing the successful cases of economic

[10] Assuming that countries that score 7 or more on the Polity IV *DEMOC* score are democracies, what follows the previous approach in research on economic peace (Wallace, 2013).

coercion from the sample could lead to biased results, as we could overlook a potential, theory-informed, driver of economic peace; namely — success at the threat stage. I therefore do not remove successful threats from the sample.

Results

In Table 1, I present the results of a logistic regression, based on Equation 1, of the continuous and standardised variables of the democracy score from the Polity IV (*DEMOC*, Model(1)-(3)) and V-Dem (*Electoral democracy index*, Model(4)-(6)) data sets. In Models (1) and (3), I report the effect of the democracy scores of the sender and the target states on the probability of sanctions imposition. In Models (2) and (4), I introduce the interaction term for the sender-target dyad to the regression. In Models (3) and (6), I add a set of control variables to the model.

Table 1: Democracy and economic sanctions. Robust standard errors are displayed in parentheses: *** indicates $p < 0.01$, ** indicates $p < 0.05$ and * indicate $p < 0.1$.

Variables	Model (1) Odds ratio	Model (2) Odds ratio	Model (3) Odds ratio	Model (4) Odds ratio	Model (5) Odds ratio	Model (6) Odds ratio
Imposition						
(std) Democracy score sender	**1.251*****	0.976	0.745	1.071	**0.735***	**0.572***
	(0.0969)	(0.160)	(0.247)	(0.0717)	(0.125)	(0.164)
(std) Democracy score target	0.978	**0.664***	**0.429***	0.924	**0.558*****	**0.454****
	(0.0703)	(0.156)	(0.190)	(0.0609)	(0.121)	(0.157)
(std) Dyad democracy score		**1.561***	**2.563****		**1.890****	**2.643****
		(0.404)	(1.211)		(0.488)	(1.048)
Past commitment (sender)			0.921			0.989
			(0.134)			(0.130)
Multilateral sanction			**1.580***			**1.760****
			(0.380)			(0.370)
Expected cost (target)			**0.672****			0.861
			(0.133)			(0.143)
US			0.942			1.281
			(0.208)			(0.264)
Security			**1.458***			1.347
			(0.329)			(0.285)
Alliance (dyad)			0.956			0.977
			(0.185)			(0.174)
Constant	0.899	0.902	1.857	0.890*	0.898	0.962
	(0.0641)	(0.0646)	(0.742)	(0.0582)	(0.0592)	(0.344)
Observations	807	807	627	950	950	731
Democracy score	Polity IV	Polity IV	Polity IV	V-Dem	V-Dem	V-Dem
Interaction term	NO	YES	YES	NO	YES	YES
Control variables	NO	NO	YES	NO	NO	YES
Pseudo R2	0.00792	0.0105	0.0233	0.00193	0.00708	0.0208
Log Lik	-554.2	-552.7	-423.8	-655.7	-652.3	-495.7

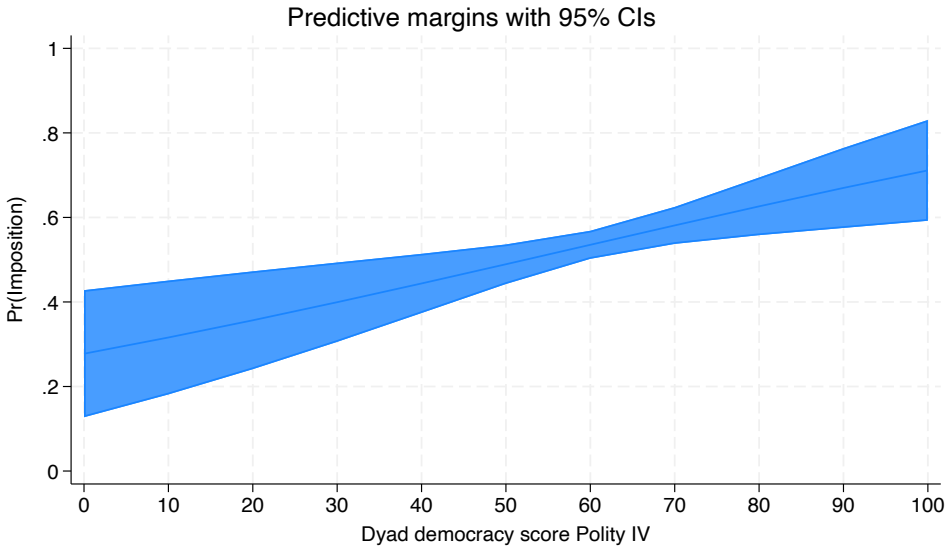
The Polity IV data (Model (1)) shows that the level of democracy is positively and statistically significantly related to the prospects of sanction imposition ($OR = 1.251$, $p < .01$). I do not find this relation for the V-Dem data (Model (4)), yet the coefficient points in the expected direction ($OR = 1.071$). This results offers limited support to the argument about the role of public opinion for imposition of economic sanction that argues that democratic leaders serve broader domestic constituencies and, consequently, are more likely to engage in economic coercion. Next, I expected democracies to be less likely to be a target of sanctions' imposition, for example as a result of the rally-round-the-flag effect. Yet, in Models (1) and (4), I find no evidence for democracies being less or more likely to be a target of economic sanctions for both the Polity IV and V-Dem scores — a

result at odds with the structural economic peace argument. Hence, I find limited support for H2, that democracies are more likely to issue economic sanctions, and I reject H3, that democracies are less likely to be a target of economic sanctions.

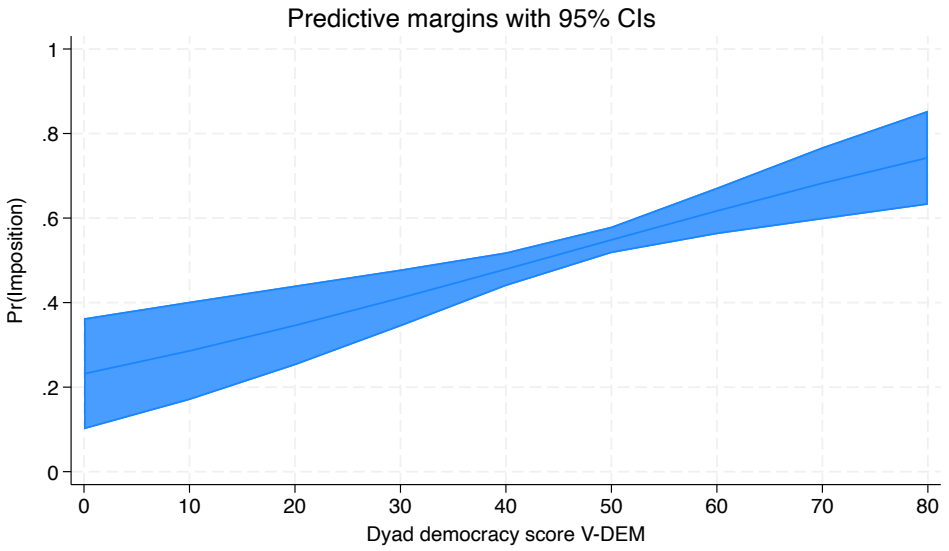
Results from Models (2) and (5), respectively for Polity IV and V-Dem data, where the interaction term between democracy of the sender and the target state is introduced, suggest that there is no economic peace between democracies. In fact, the results consistently point in the opposite direction, with democracies appearing to be statistically significantly more likely to sanction one another (Model (2): $OR = 1.561$, $p < .1$ and Model (5): $OR = 1.890$, $p < .05$). What is more, results from Models (3) and (6) — where we introduce a set of alternative predictors of sanctions imposition — also point to the absence of democratic peace and show that for an increase of one standard deviation in the democracy score of a sender-target dyad the odds of the use of economic coercion increase by 2.563 ($p < .05$) and 2.654 ($p < .05$), respectively for Polity IV and V-Dem data.

The dyadic dynamic of economic coercion is depicted in Figure 1, where I plot the predicted probability of sanction imposition and the dyad democracy score for the Polity IV (Panel (a)) and V-Dem (Panel (b)) data.[11] This visualisation of the regression results (respectively from Models (3) and (6)), showcases a linear and positive relation between the democracy score of the sender and the target and probability of following up on a threat of sanctions and shows a dynamic opposite to economic peace. Consequently, I reject H1, that democracies are less likely to sanction one another. In addition, given that I reject H1 and H3, but observe weak evidence in favour of H2, I neither find evidence to support the structural nor the normative economic peace argument. However, I do find suggestive evidence for the role of public opinion in formation of the behaviour of democracies with respect to economic sanctions.

[11] Please note that the highest dyad score varies between the data sets, hence the difference of the x-axis for the two panels; for the summary statistics please consults Table A.1 in the Appendix.



(a)



(b)

Figure 1: Impact of dyadic democracy score on predicted probability of sanction imposition — Panel (a) Polity IV *DEMOC* score, Panel (b) V-Dem *Electoral democracy index*.

In respect to the control variables (Models (3) and (6)), I observe that multilateral effort are more likely to result in the use of economic coercion — in line with the expectation about structural aspects of multilateral sanction regimes (e.g., compulsory compliance with UN sanctions). I also observe that the expected costs of sanctions for the target decreases the probability of imposition (albeit only in Model (3)). This is in line with earlier work, that suggests a higher level of success of sanctions potentially costly to the target already at the threat stage; what translates to fewer imposed sanctions. Finally, data shows that security concerns increase the probability of sanctions imposition (again only in Model (3)), driven by the salience of security consideration for both the sender states and the targets (i.e., targets are less likely to back down at the threat stage on security issues). I do not observe statistically significant results for the remaining predictors.

Finally, for 359 cases of imposition of sanctions in the TIES data set coders could not find a public record of a threat. I address this issue in a robustness test, reported in Table A.2 in the Appendix, and include these observation in the analysis coded as failed threats. The results of this robustness test are consistent with the main findings.

Discussion

The main purpose of this article is to provide insights into the behaviour of democracies with respect to economic sanctions. Drawing on an updated TIES data set on economic sanctions and two data sets on democracy (Polity IV and V-Dem), I conclude that there is no economic peace between democracies — democracies are not less likely to sanction one another, even after accounting for the role of the US, multilateral efforts and security considerations. This indicates that there is no direct relation between democratic peace and economic peace, which contrasts with past research (Hafner-Burton and Montgomery, 2008; Cox and Drury, 2006; Wallace, 2013; Lektzian and Souva, 2003). In fact, I find evidence that the opposite holds and democracies are more likely to sanction one another. In additon, I find suggestive evidence that, compared to non-democratic states, democracies are more likely to impose economic sanctions.

The findings of this work suggest that economic coercion in international relations is partially driven by the constraints and incentives that public opinion and interests groups place on democratic leaders. There is ample evidence that decision-makers reflect about the public opinion when deciding about economic coercion and hope to benefit from imposition of sanctions (Whang, 2011), while limiting the economic costs at home (Attia, 2023). Electoral benefits may be a result of addressing voters expectations to act in international affairs (Galtung, 1967; Peterson, 2013; Heinrich et al., 2017) or catering to domestic economic interest groups (Pond, 2017; McLean and Whang, 2014; Meissner, 2023). Democracies are particularly positioned to engage in sanctions — both towards non-democracies and other democracies — thanks to their role in the global trade networks (Farrell and Newman, 2019, 2020). At the same time democratic leaders have to address a broad constituency at home — ranging from signalling virtue in foreign affairs to domestic protectionist considerations (Kaempfer and Lowenberg, 1988). This dynamic appears to lead to a practice, among democracies, of frequent imposition of sanctions in general and against one another in particular.

In a broader sense, this works shows that populists across Western democracies may not be misguided — in terms of identifying unaddressed sentiments among voters — in their continuous calls to punish or advance domestic interest against autocracies and democracies alike with economic means. For example, Donald Trump has called for punitive tariffs against Germany and imposed them on goods arriving from China.[12]. What is more, it is not populist leaders alone — the European Union has developed tools for internal sanctions in its bid to curb violations of the rule of law among

[12]https://www.politico.eu/article/trump-calls-germans-very-bad-vows-to-curb-car-sales-report/

the Member States (Pospieszna et al., 2023) and the European Commission recommended freezing of over seven billion euro in cohesion funds for Hungary.[13] Thus, the core findings of this article — that democracies are more likely to use sanctions and more likely to sanction one another — may help us to understand the use of economic means by democratic states in international relations more broadly.

[13]https://www.euractiv.com/section/economy-jobs/news/eu-commission-proposes-to-cut-e7-5-billion-funding-to-hungary/

References

Afshartous, D. and R. A. Preston (2011). Key results of interaction models with centering. *Journal of Statistics Education 19*(3), 2–24.

Attia, H. (2023). Divert when it does not hurt: The initiation of economic sanctions by US presidents from 1989 to 2015. *Review of International Economics*, 1–23.

Babst, D. (1972). A force for peace. *Industrial Research 14*, 55–58.

Bapat, N. and B. R. Kwon (2015). When Are Sanctions Effective? A Bargaining and Enforcement Framework. *International Organization 69*(01), 131–162.

Bapat, N. and C. Morgan (2009). Multilateral versus unilateral sanctions reconsidered: A test using new data. *International Studies Quarterly 53*(4), 1075–1094.

Bennett, S. D. (2006). Toward a Continuous Specification of the Democracy-Autocracy Connection. *International Studies Quarterly 50*(2), 313–338.

Bueno de Mesquita, B., J. D. Morrow, R. M. Siverson, and A. Smith (1999). An Institutional Explanation of the Democratic Peace. *American Political Science Review 93*(4), 791–807.

Coppedge, M., J. Gerring, C. H. Knutsen, S. I. Lindberg, J. Teorell, D. Altman, M. Bernhard, M. S. Fish, A. Glynn, A. Hicken, A. Luhrmann, K. L. Marquardt, K. McMann, P. Paxton, D. Pemstein, B. Seim, R. Sigman, S.-E. Skaaning, J. Staton, S. Wilson, A. Cornell, N. Alizada, L. Gastaldi, H. Gjerløw, G. Hindle, N. Ilchenko, L. Maxwell, V. Mechkova, J. Medzihorsky, J. v. Römer, A. Sundström, E. Tzelgov, Y.-t. Wang, T. Wig, and D. Ziblatt (2020). V-Dem [Country–Year/Country–Date] Dataset v10.

Cox, D. G. and A. C. Drury (2006). Democratic Sanctions: Connecting the Democratic Peace and Economic Sanctions. *Journal of Peace Research 43*(6), 709–722.

Dixon, W. J. (1994). Democracy and the Peaceful Settlement of International Conflict. *American Political Science Review 88*(1), 14–32.

Drezner, D. (2003). The Hidden Hand of Economic Coercion. *International Organization 57*(03), 643–659.

Eaton, J. and M. Engers (1999). Sanctions: Some simple analytics. *American Economic Review 89*(2), 409–414.

Farrell, H. and A. L. Newman (2019). Weaponized Interdependence. *International Security 44*(1), 42–79.

Farrell, H. and A. L. Newman (2020). Choke Points. *Harvard Business Review January–Fe*.

Galtung, J. (1967). On the Effects of International Economic Sanctions, With Examples from the Case of Rhodesia. *World Politics 19*(03), 378–416.

Gibler, D. M. (2009). International military alliances, 1648-2008.

Gutmann, J., M. Neuenkirch, and F. Neumeier (2021). The Economic Effects of International Sanctions: An Event Study. *SSRN Electronic Journal* (April).

Haas, R. N. (1997). Sanctioning Madness. *Foreign Affairs 76*(6), 74–85.

Hafner-Burton, E. M. and A. H. Montgomery (2008). The Hegemon's Purse: No Economic Peace Between Democracies. *Journal of Peace Research 45*(1), 111–120.

Hayes, J. (2012). The democratic peace and the new evolution of an old idea. *European Journal of International Relations 18*(4), 767–791.

Heinrich, T., Y. Kobayashi, and T. M. Peterson (2017). Sanction consequences and citizen support: A survey experiment. *International Studies Quarterly 61*(1), 98–106.

Kaempfer, W. and A. Lowenberg (1988). The Theory of International Economic Sanctions: A Public Choice Approach. *American Economic Review 78*(4), 786–793.

Lacy, D. and E. M. Niou (2004). A Theory of Economic Sanctions and Issue Linkage: The Roles of Preferences, Information, and Threats. *Journal of Politics 66*(1), 25–42.

Lektzian, D. and M. Souva (2003). The Economic Peace Between Democracies: Economic Sanctions and Domestic Institutions. *Journal of Peace Research 40*(6), 641–659.

Maoz, Z. and B. Russett (1993). Normative and Structural Causes of Democratic Peace , 1946-1986. *American Political Science Review 87*(3), 624–638.

Marshall, M. G., T. R. Gurr, and K. Jaggers (2018). Polity IV Project.

McLean, E. V. and T. Whang (2014). Designing foreign policy. *Journal of Peace Research 51*(5), 589–602.

Meissner, K. (2023). Lobbying Sanctions: Data from the European Union. *Foreign Policy Analysis*, 1–15.

Morgan, C. and S. H. Campbell (1991). Domestic Structure, Decisional Constraints, and War: So Why Kant Democracies Fight? *Journal of Conflict Resolution 35*(2), 187–211.

Morgan, T. C., N. Bapat, and Y. Kobayashi (2014). Threat and imposition of economic sanctions 1945–2005: Updating the TIES dataset. *Conflict Management and Peace Science 31*(5), 541–558.

Mueller, J. E. (1970). Presidential Popularity from Truman to Johnson. *American Political Science Review 64*(1), 18–34.

Peksen, D. (2009). Better or Worse? The Effect of Economic Sanctions on Human Rights. *Journal of Peace Research 46*(1), 59–77.

Peterson, T. M. (2013). Sending a Message: The Reputation Effect of US Sanction Threat Behavior. *International Studies Quarterly 57*(4), 672–682.

Pond, A. (2017). Economic Sanctions and Demand for Protection. *Journal of Conflict Resolution 61*(5), 1073–1094.

Pospieszna, P., M. Onderco, and R. van der Veer (2023). Comparing public attitudes towards internal and external EU sanctions: the role of populism, trust and Euroscepticism. *East European Politics*.

Russett, B. M., J. R. Oneal, and D. R. Davis (1998). The Third Leg of the Kantian Tripod for Peace: International Organizations and Militarized Disputes, 1950–85. *International Organization 52*(03), 441–467.

Schmid, L., K. Chatterjee, C. Hilbe, and M. A. Nowak (2021). A unified framework of direct and indirect reciprocity. *Nature Human Behaviour 5*, 1292–1302.

Schultz, K. (1999). Do Domestic Institutions Constrain or Inform? *International Organization 53*(2), 233–266.

Small, M. and J. Singer (1976). The war-proneness of democratic regimes. *Jerusalem Journal of International Relations 1*, 50–69.

Smith, A. (1995). The success and use of economic sanctions. *International Interactions 21*(3), 229–245.

Walentek, D., J. Broere, M. Cinelli, M. M. Dekker, and J. M. Haslbeck (2021). Success of economic sanctions threats: coercion, information and commitment. *International Interactions 47*(3), 417–448.

Wallace, G. P. R. (2013). Regime type, issues of contention, and economic sanctions: Re-evaluating the economic peace between democracies. *Journal of Peace Research 50*(4), 479–493.

Whang, T. (2011). Playing to the home crowd? Symbolic use of economic sanctions in the United States. *International Studies Quarterly 55*(3), 787–801.

Whang, T., E. V. Mclean, and D. W. Kuberski (2013). Coercion, Information, and the Success of Sanction Threats. *American Journal of Political Science 57*(1), 65–81.

Appendix

Table A.1: Summary statistics.

Variables	N	Mean	SD	Min	Max
Threat	1,412	0.746	0.436	0	1
Imposition	1,412	0.598	0.490	0	1
US	1,412	0.521	0.500	0	1
Security	1,412	0.305	0.461	0	1
Multilateral	1,412	0.262	0.440	0	1
Past commitment	1,243	2.331	0.599	1	3
Expected cost target	863	1.246	0.498	1	3
Alliance	1,412	0.319	0.466	0	1
Democracy score sender (Polity IV)	1,221	8.376	3.316	0	10
Democracy score target (Polity IV)	1,249	6.272	4.093	0	10
Dyad democracy score (Polity IV)	1,100	51.47	42.04	0	100
Democracy score sender (V-Dem)	1,319	7.064	2.697	0	9
Democracy score target (V-Dem)	1,384	5.725	3.064	0	9
Dyad democracy score (V-Dem)	1,291	40.61	28.25	0	81

Table A.2: TIES sample with absent threats coded as failed threats. Robust standard errors are displayed in parentheses: *** indicates $p < 0.01$, ** indicates $p < 0.05$ and * indicate $p < 0.1$.

Variables	Model (1) Odds ratio	Model (2) Odds ratio	Model (3) Odds ratio	Model (4) Odds ratio	Model (5) Odds ratio	Model (6) Odds ratio
Imposition						
(std) Democracy score sender	1.004	**0.749****	0.745	0.915	**0.579*****	**0.572***
	(0.0626)	(0.107)	(0.247)	(0.0542)	(0.0915)	(0.164)
(std) Democracy score target	0.974	**0.625****	**0.429***	**0.892****	**0.488*****	**0.454****
	(0.0607)	(0.123)	(0.190)	(0.0508)	(0.0946)	(0.157)
(std) Dyad democracy score		**1.705****	**2.563****		**2.187*****	**2.643****
		(0.376)	(1.211)		(0.510)	(1.048)
Past commitment (sender)			0.921			0.989
			(0.134)			(0.130)
Multilateral sanction			**1.580***			**1.760****
			(0.380)			(0.370)
Expected cost (target)			**0.672****			0.861
			(0.133)			(0.143)
US			0.942			1.281
			(0.208)			(0.264)
Security			**1.458***			1.347
			(0.329)			(0.285)
Alliance (dyad)			0.956			0.977
			(0.185)			(0.174)
Constant	1.613***	1.618***	1.857	1.575***	1.585***	0.962
	(0.100)	(0.101)	(0.742)	(0.0902)	(0.0919)	(0.344)
Observations	1,100	1,100	627	1,291	1,291	731
Democracy score	Polity IV	Polity IV	Polity IV	V-Dem	V-Dem	V-Dem
Interaction term	NO	YES	YES	NO	YES	YES
Control variables	NO	NO	YES	NO	NO	YES
Pseudo R2	0.000131	0.00477	0.0233	0.00382	0.0120	0.0208
Log Lik	-731.8	-728.4	-423.8	-859.4	-852.4	-495.7