Russia’s Regional Power Weakened: Eurasian Sanctions from 1990-2012

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Abstract: Can the effectiveness of sanctions be predicted based on shared conditions or factors that shape expectations of leaders? What is it about shared conditions or factors that made Russian sanctions in Eurasia less effective in the 2000s than in the 1990s? This article seeks to move beyond existing approaches that more often assume the ineffectiveness of sanctions. Using game theory, we replicate Drezner’s test of Russian sanctions in Eurasia in one decade and apply it to the next decade. We assess the conditions and factors that lead to decisions by the sender and the target of sanctions and conclude that Russia’s use of sanctions weakened over time. This is due to the increased options available to the targets to resist coercion created as a result of what we call ‘learning and strategic interaction.’ This may in part explain Russia’s turn to military action in Georgia and Ukraine.

Economic sanctions are a tool of coercive diplomacy in which one international actor attempts to get another international actor to act in a different way than otherwise chosen. In most cases academics argue that economic sanctions are not that effective as a form of coercion. That is, the sender of a sanction is not satisfied with the intended result from the target. Academics also disagree among themselves as to what constitutes an economic sanction and how to measure success. Yet policy makers continue to use sanctions against international actors. Whether handled bilaterally or as part of a multi-national coalition, and targeted at a
government, businesses, or individuals, sanctions remain a favored tool over, for example, armed conflict.

Russia has resorted to sanctions against its Eurasian neighbors consistently since the dissolution of the USSR into 15 independent states, which we define as Eurasia. We argue that for about the first decade, Russia was successful in achieving the intended result from the target state, but in the 2000s was considerably less so. In this paper we grapple with why this is the case and use a game theoretic model based on Drezner’s (1999) study of Russian sanctions in Eurasia to consistently measure the effectiveness of sanctions. In doing so, we move beyond existing approaches that more often assume the effectiveness of sanctions is predicated on the type or execution, rather than the calculations of the sender and target. We also seek to contribute to a literature that more often suggests sanctions are less effective than the sender anticipates. Our study probes whether the effectiveness of sanctions be predicted based on shared conditions or factors that shape expectations of leaders; and, what is it about shared conditions or factors that made Russian sanctions in Eurasia less effective in the 2000s than in the 1990s?

The concept of ‘learning and strategic interaction’ offers an answer to why Russia, the sender of sanctions in Eurasia, was less successful in the 2000s than in the 1990s. We found that Russia continued to make extensive use of economic sanctions to influence political decisions in Eurasia¹ in the 2000s but that the sanctions were considerably less effective than

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¹ Eurasia refers to the 15 states that were formed from the dissolution of the Soviet Union. These are also known as the Newly Independent States. Some quoted passages below refer to the CIS, the
they had been in the 1990s. This may be attributed to a number of factors. First, many Eurasian states reduced dependence on Russian trade by integrating with the global economy throughout the 1990s and 2000s. Second, Russia’s bargaining power diminished as an oil and gas supplier/transporter with the emergence of other regional energy players, including Europe and China as a growing consumers of Central Asian energy through new pipelines circumventing Russia’s traditionally dominant hold of the energy supply infrastructure in former USSR. Third, many Eurasian states were more stable in the 2000s than immediately after independence in the 1990s and -- with more developed political structures and economies -- better able to withstand Russia's coercion attempts. Fourth, Russia simply exhausted its means of economic coercion by resorting to it too often in the 1990s.

This article proceeds in three overall sections. The first section assesses existing studies examining the effectiveness of economic sanctions. The second section addresses Russian strategy to retain influence in Eurasia after the dissolution of the USSR. The third section discusses Drezner’s (1999) game-theoretic model on conflict expectation results and applies it to our 27 sanctions cases. The fourth section of the paper compares and contrasts three case studies of Russian sanctions in Moldova, Ukraine, and Kyrgyzstan. In conclusion, the methodological flaws of the model are identified and a new variable of learning and strategic interaction is introduced as a plausible explanation for the decline in Russia’s coercive capabilities.

**Evaluating Effectiveness of Economic Sanctions**

Commonwealth of Independent States, a loose political organization that excludes 5 of the 15 states: Estonia, Latvia, Lithuania, Georgia, Turkmenistan, and Ukraine.
Economic sanctions are a tool of coercive diplomacy in which one international actor attempts to get another international actor to act in a different way than otherwise chosen. We use economic sanctions to cover all forms of coercion that impact on the economy of the state and that are intended to bring about a certain result or to shape the behavior of the target state. In general, the economic sanctions literature is pessimistic about the utility of sanctions as a form of coercion (Hufbauer, Schott, Elliot and Oegg 2007; Pape 1997; Rogers 1996; Carter 1998; Baldwin 1985; Knorr 1975; Haass and O’Sullivan 2000; Haass ed. 1998; Morgan, Bapat and Krustev 2009). Hufbauer et al (2007) find that sanctions have utility in only about one-third of the cases. U-Jin and Peksen (2007) conclude that sanctions are highly unlikely to achieve ambitious foreign policy goals. Pape (1997) finds that economic sanctions working only five times out of one hundred and fifteen cases. The latter discrepancy in findings exists mainly as a result of Pape’s condition that no other explanation except sanctions can exist to consider it successful.

At the same time, policy-makers still turn to economic sanctions with great hope and enterprise when faced with difficulty in achieving foreign policy goals. In particular, the international community of states has favored financial sanctions in lieu of military force since the end of the Cold War in halting cases of nuclear proliferation in North Korea and Iran, in punishing the Hussein and Assad regimes in Iraq and Syria for human rights violations, and towards Russia after its 2014 invasion of Ukraine. Indeed, the global community has spent an enormous amount of effort sanctioning Iran since the early 2000s in hopes of dissuading the rulers of that country from pursuing nuclear weapons.
In a series of analytical studies on the use of sanctions, authors suggest that policymakers must take several considerations into account when resorting to economic coercion (Blackwill 2012, Gerecht 2011, O’Sullivan 2010, Schott 2012). First, as is widely accepted within sanctions literature, a sanctions regime may dissuade a target from pursuing secondary goals but is far less likely to create enough pressure to the target from pursuing a major strategic goal, such as developing a nuclear weapons arsenal. Second, these studies suggest that sanctions by themselves are inadequate to bring about desired outcomes; policymakers must jointly use other tools of statecraft, including diplomacy, humanitarian aid, economic engagement, and energy market manipulation. Finally, sanctions regimes must be flexible to changes in domestic political, economic and other developments, and the sender must be willing to modify desired outcome. For example, the U.S. shifting its goal of halting Iran’s nuclear program to bringing the country to the negotiating table.

Sanctions studies are expanding assessments of calculations of the sender and the target, and abilities to deliver and withstand coercive measures. Effective sanctions are meant to coerce an opponent just enough to cede to their demands. Shelling (1966, 3) explains that coercion works best when the threat of more punishment remains. By inflicting consequence gradually, the target understands that there is an incentive to acquiesce to the sender’s demands. Subsequent research, summed up by Feaver and Lorber (2010) focuses on three main pivot points that drive success or failure in coercion: (1) the demands or stakes involved in the dispute; (2) the clarity and perception of the signal communicated by the coercion efforts; and, (3) the pain tolerance and mitigation strategies available to the participants. On the first point, the target will be unwilling to give up to the demand if the goal sought by the coercer is
too highly prized by the target. For example, decision makers are often least willing to accede on a matter that challenges their power. Pollack (2010) argues that for the North Korean regime, this is their nuclear weapons program, as it ensures their survival. On the second point, the signal communicated by the sender of a sanction may be unclear to the target, lessening their ability to obtain required concessions.

On the third point, the capability of the target to mitigate pain has been the subject of several studies, offering a series of explanations for why sanctions may be less effective than thought. Our study builds on this third aspect of mitigation strategy available to participants -- who in anticipation of future coercion measures hedge against the sender -- helping us to explain the waning of Russian coercion over time. Mitigation strategies depend first on the toughness of the target and their capability to adapt to coercion (Byman and Waxman 2000). For example, Saddam Hussein was able to mitigate the almost decade of oil sanctions against Iraq following his invasion of Kuwait and ensure the survival of his elite cohort. The second measure of mitigation is the relative sensitivity the target has to pain measured by the speed and imposition of pain felt by the target. In studying balance of power in the international system, Koehane and Nye (1997) explore the vulnerability of the target according to the extent of options available to the target to shift the pain to make it more tolerable.

Appreciating the sender’s experience in the use of coercion is an important lesson in discerning the dichotomy between the pessimistic academics and the more optimistic policymakers. The assumption is that the larger, more powerful sender can withstand sanctions against a target for a longer duration than a smaller, less powerful target. However, Feavor and Lorber (2010) use the Vietnam War as an example of a larger sender, the United
States, feeling more pain over time than the smaller, less powerful target, North Vietnamese. Balancing the effectiveness of coercive pressure between the sender and target is more complex than originally understood and affects the outcome in different ways than balance of power would predict. Drezner (2003) talks about the “hidden hand of economic coercion,” or the fact that just the threat of economic sanctions more often results in the target acceding to the demand before the sanctions are set. Another aspect of coercion includes carrots that may be offered to incentivize the target to comply, most important of which is the amelioration of the pain (Haass and O’Sullivan 2000).

Feaver and Lorber (2010) conclude that the academic literature is unsatisfying, as it tends to treat sanctions in ways that are removed from the actual context surrounding their implementation of how policymakers view them. Criticisms by academics of the literature (Lindsey 1986, Giumelli 2009) identify the general failure to consider why sanctions may be used by policymakers, including signaling to a third party not to do the same as the target. Sanctions may also be implemented for domestic political reasons; to satisfy a constituency at home in return to electoral support. Policy makers may also choose to use sanctions as a first step in a pre-determined path of actions, wherein sanctions bolster international support for follow on actions. Among these is the use of sanctions to show there is no other option short of force. Finally, policymakers are tailoring sanctions to be ‘smarter,’ targeted at specific elites and their interests, attempting to solve many of the political problems that prior comprehensive trade sanctions posed (Drezner 2011).

Russia’s economic sanctions on Eurasian states evolved from the 1990s to the 2000s in their effectiveness. The literature suggests that there are many factors to consider regarding
both the sender and target expectations in determining their effectiveness. Our study attempts to identify shared conditions or factors that shape expectations of leaders on both sides of the sanctions equation. This includes whether the target states were friendly with Russia, whether they were evolving towards democracies, whether their options were expanded over time, and whether Russia worked unilaterally or multilaterally. Likewise, it is important to consider Russia’s intentions over time; was the foreign policy goal the only reason to enact sanctions, or was it part of a messaging campaign to other Eurasian states, or beyond to NATO, the European Union, or the United States? The literature also suggests that we should consider what if any carrots were offered by Russia to avoid or halt the sanctions and how they affected the outcome.

**Russian Strategy to Retain Influence in its “Near Abroad”**

In Russia’s 39 uses of economic coercion toward Eurasian states from 1992-1997 the overall goals of the efforts were three-fold: to gain control of Soviet strategic military assets (weapons and bases), to dominate each new state’s energy resources, and to minimize the influence of outside powers in the region. All three goals were to be achieved without military intervention. Russia had varying targets in each of the Eurasian states depending on their military and industrial assets, and had varying degrees of economic leverage over the several states depending on their degree of dependence on Moscow for markets, subsidies, energy supplies, and transit routes. Favored tools of coercion involved raising tariffs on exports to Russia (Azerbaijan), reducing energy subsidies and/or supplies to energy importers (Ukraine, Belarus, Moldova, and the Baltics), and reducing access to and/or higher costs for using energy pipelines across Russian soil (Kazakhstan and Turkmenistan). In Russia’s uses of economic coercion
toward Eurasian states from 1998-2012 the goals remained the same, using the energy sector and related industries to dominate their economies, and to minimize the influence of outside powers, particularly NATO expansion.

Despite the dissolution of the Soviet Union, Russian leadership always considered its former republics as its “near abroad” where it alone should remain the primary external actor. Ariel Cohen (2011) asserts that Boris Yeltsin “demanded a sphere of influence in the CIS in 1993” and that goal “has been the driving force of Russian foreign policy.” But Russia’s influence was shifting from dominating governing structures, to economic interdependence. Drezner (1999, 141) quotes Sergei Karaganov, head of Russia’s Foreign Defense Policy Council, who said in 1995: “Russia is becoming an imperial power of the 20th century; we no longer need physical control over territory, we can have economic influence”. “Moscow,” according to Drezner (1999, 135) “wanted the NIS to be subservient to Russia and to no other great power....Nominal independence of the NIS gave Russia the best of both worlds. It could scavenge these states for valuable assets and concessions, but avoid incurring any of the costs associated with subsidizing their regimes or economies.”

Military power was used to back up political control through a sustained Russian troop presence in Armenia, Georgia, Moldova, and Tajikistan. The Russian army participated in separatist conflicts in these four countries on both sides – the newly formed national armies and the separatists. The politics of Russian troop presence was often tied to other trade and energy deals, as well as weapons transfers and sales. But, in general, the Russian military in 1990s was an ineffective coercive force, suffering from permanent under-financing, acute
shortage of material resources, erosion of command and control systems, decline of morale, corruption, and a decline of prestige and lack of public support.

The aversion to external influence in Russia’s “near abroad” focused on the North Atlantic Treaty Organization (NATO). The National Security Concept (Government of Russian Federation 1997) adopted by the Russian government insisted upon no further eastern expansion by NATO into former Soviet republics. The concept characterized the international political system as multi-polar, but warned against, “attempts to create a structure of international relations based on unilateral solutions of the key problems of world politics.” The subsequent concept (Government of Russian Federation 2000) portrayed uni-polarity as a structure “based on domination by developed Western countries...under US leadership and designed for unilateral solutions” The 2000 National Security Concept named NATO’s eastern expansion and the possible emergence of foreign military bases and major military presences in the immediate proximity of Russian borders as fundamental threats. Andrei Kokoshin, then first deputy minister of defense, called NATO expansion, “a move aimed against Russia as a civilization” and Russian Foreign Minister Igor Ivanov warned against a new division of the European continent (cited in Fawn 2003). Russia’s 2000 military doctrine listed the general expansion of military blocs and alliances, such as NATO, as a fundamental strategic threat. Nevertheless, by the mid-2000s, all former Warsaw Pact nations allied with the Soviet Union during the Cold War, plus three former Soviet countries – Estonia, Latvia, and Lithuania – had joined NATO.

Economically, Russia continued to sputter throughout much of the 1990s, and experienced a major economic crisis in 1998 resulting in its default on state loans, precipitating
in the collapse of most of its private banks. This, coupled with record low market prices for hydrocarbons, meant that Russia’s foreign financial reserves all but disappeared. Energy dominance was viewed as a means to economic recovery, and the re-establishment of control over the Eurasian states. By the end of the 1990s, according to Adam Stulberg (2007, 14), “even pro-Western reform minded Russian politicians looked to energy diplomacy as the crutch for forcibly reintegrating the former Soviet space under the aegis of a liberal Russian empire.”

From his election in 2000, President Vladimir Putin aggressively sought to centralize the Russian energy industry and to influence if not acquire energy resources, industries, and infrastructure in Eurasia (Balzer 2005; Stulberg 2007, 136). Speaking before the Russian Security Council at the end of 2000, President Putin proposed to make the Russian fuel and energy complex the prime engine for strengthening the national economy and he set as a task achieving world leadership in energy as the mid-term goal. There were references to this policy in the 2003 Energy Strategy of Russia up to 2020 which stated, “Russia possesses great energy resources...which are the basis of economic development and the instrument for carrying out internal and external policy” (Government of Russian Federation 2003). President Putin’s speech at the meeting of the Russian Security Council at the end of 2005 put a name to the policy: ‘energy super-state’.

At the Munich Security Conference in February 2007 President Putin provided evidence for those who believed that Russia was preparing to re-establish its influence over Eurasia (Arbatov 2007; Sakwa 2008; Simes 2007; Wallander 2007). He strongly criticized NATO expansion to the former Soviet bloc and the U.S. for attempting to create a uni-polar world, overstepping bounds in economic, political, and humanitarian spheres. Russian forces entered
Georgia in August 2008 in support of Russian allegiant peoples in South Ossetia to protect them from the Georgian government, which resulted in a short war. Russia also recognized the independence of Georgia’s other separatist region Abkhazia and put pressure on other former Soviet republics to claim it as a sovereign state. President Putin appeared to declare victory in his subsequently released National Security Strategy (Government of Russian Federation 2009), which stated: “The change from bloc confrontation to the principles of multi-vector diplomacy and the [natural] resources potential of Russia, along with the pragmatic policies of using them has expanded the possibilities of the Russian Federation to strengthen its influence on the world arena.”

Throughout much of the 2000s, with soaring world oil prices and a strong global economy, Russia was in a more powerful economic position than it had been in the 1990s. In addition, Russia’s ability to influence Eurasian states through remittances had also increased since the 1990s (Alturki et al 2003). On the other hand, many of the Eurasian states had sharply cut their trade and/or energy dependence on Russia and had enjoyed a decade of sovereignty. While it is worth noting that Eurasian states would have diversified beyond Russia with or without Russian sanctions, we suggest that the aggressiveness of Russia’s coercive policy accelerated this trend. Unsurprisingly, the Baltic states diversified their trade away from Russia while pursing political and economic integration with the rest of Europe, but it was some of Moscow’s closest allies in the former Soviet sphere -- those who had faced multiple coercion attempts in the 1990s and anticipated more in the future -- that made efforts to reduce their economic dependence on Russia. As indicated in Tables 1.1 and 1.2, from 1994 to 2012, the proportion of Russian-Kazakh trade to the total sum of Kazakhstan’s trade decreased by more
than 50 percent, as the EU and China surpassed Russia as larger trading partners. Likewise, Armenia and Belarus reduced their trade with Russia relative to their total trade volume by 26 percent and 22 percent respectively. In which Kyrgyzstan, Moldova, Tajikistan, Ukraine and Uzbekistan substantially reduced their economic cooperation with Russia while increasing commercial ties with China and/or the EU.

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade with Russia as Share of Total Trade</th>
<th>Membership in WTO</th>
<th>Membership in Eurasian Customs Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>49.7% / 23.5%</td>
<td>2003</td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>18.2% / 6.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td>69.1% / 47.5%</td>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>Estonia</td>
<td>19.3% / 12.7%</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>22.0% / 5.1%</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>62.6% / 9.2%</td>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>47.6% / 17.5%</td>
<td>1998</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>25.5% / 9.2%</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>34.4% / 19.8%</td>
<td>2001</td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td>64.9% / 25.5%</td>
<td>2001</td>
<td></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>41.0% / 14.1%</td>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>17.1% / 7.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td>54.2% / 29.4%</td>
<td>2008</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>46.6% / 22.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 1.2: Trade Dependency

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade with EU</th>
<th>Trade with China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>29.7%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>42.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Belarus</td>
<td>29.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Estonia</td>
<td>73.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Georgia</td>
<td>27.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>48.1%</td>
<td>21.4%</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>5.4%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Latvia</td>
<td>72.4%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>61.0%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Moldova</td>
<td>45.5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>5.4%</td>
<td>35.2%</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>12.6%</td>
<td>45.3%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>28.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>10.7%</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

Sources: 2012 Trade from European Commission Trade Website, July 6, 2014; CIA World Factbook, July 7, 2014
The global financial crisis in 2008, while once again setting Russia back economically, did not deter its policy to keep Western influence out of Eurasia. The collapse in oil prices exposed Russia’s dependence on hydrocarbon sales (Gaddy and Ickes 2010). In the first two quarters of 2009, the Russian economy contracted 10 percent and the state-owned gas giant Gazprom’s earnings declined by over 50 percent. Nevertheless, Russia in the 2000s was an economic giant compared to its neighbors, and was relentless in pursuing economic re-integration – perhaps not reconstituting the Soviet Union, but something more integrated than 15 independent states. Russia continued to use its economic power over the Eurasian states to extract the maximum amount of economic rent possible from the production and transportation of energy resources within and through Eurasia to Europe. Russia moved forward with creating a Eurasian Union beginning with Russia, Belarus, and Kazakhstan joining in a common market, to be followed by Armenia and Kyrgyzstan. In 2003 the call was to form a common economic space among Russia, Belarus, Kazakhstan, and Ukraine.

By 2009 this effort had transformed into the Eurasian Economic Community’s (EurAsEC) Customs Union, minus Ukraine. Forming a single economic space, these three countries had free movement of goods, services, capital, and labor. Russia intended to expand the customs union to other states in the region. Kyrgyzstan, Tajikistan and Armenia pledged their commitment to union accession, while Ukraine was pressured by Russia to follow suit. However, concerns surfaced in response to the Russian-favored structure of EurAsEC, which mandated that voting power was weighted by the size of a state’s economy. Moreover, Russia’s World Trade Organization (WTO) membership created an influx of cheap, foreign-made goods within the Customs Union that significantly hurt domestic production in member states
with weaker economies. In 2011, a new effort was launched to create a Eurasian Union, a grand design that, Putin said, could eventually resemble the European Union or even the United States in terms of its economic cohesion and geopolitical power. Membership would be voluntary, but he also said it was inevitable. In late 2012, President Putin increased pressure by suggesting that residents of countries that are not members of the Customs Union would soon no longer be able to use their domestic passports for entry into Russia. This was particularly crucial for poorer states reliant on employment in Russia.

**Game-Theoretic Model to Test Conflict Expectations**

Drezner’s (1999) study *The Sanctions Paradox*, weighing the interaction of the sender and target conditions to assess the effectiveness of economic sanctions, is more optimistic than the majority of the literature about their utility. Drezner offers a game-theoretic model to predict the imposition of economic sanctions and to gauge their effectiveness if implemented. We chose Drezner’s model because as opposed to large-n studies, his focuses on the use of one country’s sanction attempts against a group of target states, which had relatively similar political and economic standing in the early 1990s, and in which the sender had similar strategic goals. This, we believed, would make it easier to draw conclusions by comparing the case studies. Furthermore, his study covered sanctions over a defined time period (1992-97) from which point we were able to pick up and continue into 2000s and compare our results. Whereas new large-n studies often require manipulation of formulae and coding/categorization of outcomes of coercion, ours is able to shed light on how the success of sanctions attempts diminish over time and, following on Drezner’s study, in what scenarios they are more or less successful. Drezner (1999) also includes in his case studies sanctions that are less formal, that
is, they are perhaps threatened, but not executed. Finally, Drezner has continued to test the model, including applying it to analyze China’s recent attempts at economic coercion against the United States (2009) and in analyzing the effectiveness of sanctions on Iran (2012).

We recognize the critiques of Drezner’s (1999) work, particularly regarding the accuracy of the sanctions paradox when applied to large-n studies. Nooruddin (2002, 73) and Lektzian and Souva (2003, 655) have conducted statistical analyses of cases of economic coercion in which the United States was a sender and concluded that in some cases allied countries, contrary to Drezner’s thesis, are less likely to concede to sanctions than targets with high expectations of conflict. In line with our thinking, David Williams (as cited in Davis and Engerman 2003) states that Drezner fails to take into account the duration or repetition of sanctions when predicting the outcome of sanction attempts, positing that target states with high expectations of conflict with the sender are less likely to acquiesce because they anticipate facing future coercion measures. Our study suggests that the Drezner’s (1999) game-theoretic model on conflict expectation might have improved predictive ability if it included some measure of repetition and/or duration of sanctions. Regardless, we find that by expanding Drezner’s study to new cases in the same region, the effectiveness of sanctions can be predicted based on shared conditions or factors that shape expectations of leaders, and we can measure this with confidence.

The Conflict Expectations Model of sanctions behavior purports to help predict whether or not a sender will resort to economic sanctions to extract concessions from a target and whether the target will concede or resist. The model sets up a two-dimensional framework based on the degree of opportunity costs involved in the coercion attempt and the degree of
expectations of further conflict. If the sender country (Russia) bears small costs (in relation to GDP) in imposing the sanctions while the target country suffers large economic costs, there is a large gap in opportunity costs that both makes the sender country more likely to impose sanctions and the target country more likely to offer concessions. Also important, however, is the state of relations between the two states and expectations about future discord. If the target country fears that the current coercion attempt is but one effort in a potentially long and discordant relationship it will be much less likely to make concessions.

Table 2 lays out the prediction model constructed by Drezner. Economic sanctions are expected to be much more effective when the target country is not particularly fearful of the sender country and can be forced to bear higher costs than the sender. It follows that sanctions are much less likely to yield significant results if the target country is wary of the sender and the gap in costs is small. The model also predicts that the sender will rarely use sanctions against relatively friendly states where the gap in costs is small.²

² Before turning to Russia, Drezner tested his Conflict Expectations against alternative explanations of sanctions behavior, such as the “signaling model” and the “domestic politics model” by using regression analysis to explain the results of the Hufbauer database of 114 sanctions cases (see Drezner 1999, Chapter 4).
Drezner tests this theoretical construction against actual Russian behavior in the 1990s, presenting detailed case studies of Russian coercion efforts against the other 14 new states that were formed after the dissolution of the Soviet Union. He describes what Russia did in each of 39 efforts and what its goals were, then judges where Russia and the target country fit in the above table, and evaluates the success or failure of the sanctions’ efforts. Finally, Drezner rates each attempt as yielding significant concessions from the target country, moderate concessions, minor concessions, or no concessions.³

For comparison purposes we have ascribed unit values to each of these four possible results (a significant concession counts as 3 points, a moderate concession gets 2 points, minor concessions gets 1 point, and no concessions gets 0 points). Using this scoring perfect model

³ See Adam N. Stulberg (2007) for an alternative discussion of many of these same cases.
forecasting would result in an average Box 1 score of 3, an average Box 2 score of 2, an average score Box 3 score of 0, and an average Box 4 score of 1. Table 3 below shows the results of the predictions for each box. We consider that the scores in Boxes 1, 2, and 4 are quite good -- the model had considerable predictive success -- while the score for Box 3 suggests some problems. These problems could be partly ascribed to the subjectiveness in interpretation of results of these sanction attempts. That is, a significant gain for the target may not necessarily be seen as a significant concession for the sender, and there may be variations between observers in determining the appropriate category (Box 1-4) for each state. The relatively small sample size for this category (only 7 case studies from 4 countries) should also be taken into account. The percentages in the outer column and row show the success rate for only significant concessions, a somewhat different consideration more in keeping with the discussion in Hufbauer and Pape. By this measure, it seems that sanctions against allies (countries with low conflict expectations) resulted in significant concessions 73% of the time, while sanctions against countries with high conflict expectations had a very low success rate of 16%.
The results suggest that economic sanctions can and have been successful. We also regard the results as positive in terms of the model’s effectiveness; the Drezner Conflict Expectations Model did a reasonably good job of predicting the outcomes of the sanctions. These sanctions, he claims, were successful 38% of the time, a proportion far higher than Pape’s view of the historical record (less than 5% success rate) and somewhat higher than Hufbauer’s estimate of a success rate around 34%. Drezner reports that 15 of the 39 Russia coercion attempts met with significant concessions from the target countries. More importantly, his analysis shows that his game-theoretic model was both a good predictor of the imposition of economic sanctions on particular targets and the magnitude of concessions (if any) likely to be offered. Nevertheless, despite these successful examples of economic

**Table 3: The Conflict Expectations Model: Russian Sanctions Attempts and Results, 1992-1997**

<table>
<thead>
<tr>
<th>Low Expectations of Conflict</th>
<th>High Expectations of Conflict</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large Gap in Opportunity Costs</strong></td>
<td><strong>Moderate/Small Gap in Opportunity Costs</strong></td>
</tr>
<tr>
<td>Box 1</td>
<td>Box 2</td>
</tr>
<tr>
<td>8 coercion attempts</td>
<td>11 attempts</td>
</tr>
<tr>
<td>Average score = 2.75 (vs. expected 3.0)</td>
<td>Average score = 1.73 (vs. expected 2.0)</td>
</tr>
<tr>
<td>Box 3</td>
<td>Box 4</td>
</tr>
<tr>
<td>7 attempts</td>
<td>13 attempts</td>
</tr>
<tr>
<td>Average score = 2.71 (vs. expected 0.0)</td>
<td>Average score = 1.08 (vs. expected 1.0)</td>
</tr>
</tbody>
</table>

Success rate for significant concessions: 15/39 = 38%

*Using Drezner’s coding of gaps, conflict expectations and results from the 90s. Drezner put Belarus and Kazakhstan in Box 1, Georgia, Moldova, and Ukraine in Box 2, Armenia, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in Box 3, and Azerbaijan, Estonia, Latvia, and Lithuania in Box 4.*
coercion, Russia fell far short of achieving its broader foreign policy goals in the 1990s. As
Trenin (2009, 9) explains, “Russia had no resources to back up its ritual claims that the CIS
constituted a prime interest of its foreign policy.” During the 1990s, after all, Russia was coping
with high inflation, economic restructuring, a debt crisis, and an oil shock (Wallander 2007).
The new states were able to establish sovereignty and “entered into all sorts of relations with
both their neighbors and outside powers” much to the annoyance of Russia (Trenin 2009, 9).

Testing the Conflict Expectations Model in the 2000s

We identified 27 of the most prominent cases of economic coercion from Russia to Eurasian
states between 2001 and 2012 (see Table 4). They include such things as cutting imports of
Georgian wine, threatening to shift Russia’s space launch operations from Kazakhstan, and
raising the price of natural gas—or cutting gas supplies altogether—in Ukraine and Belarus. We
used these case studies to make a post-sample test of the Drezner methodology to examine
whether the Conflict Expectations Model works as well as it did in the 1990s, and to see
whether it sheds any new light on the sanctions debate itself. We make a qualitative
assessment of the costs for the target of acquiescing to the sender’s demands compared to an
alternative outcome of it opposing coercion, taking into account the significance of Russia’s
potential gains/cost of imposing punitive measures.

To test the model fairly, we had to decide where the bilateral relations between Russia
and the target country stood before the coercion attempts in the 2000s, as Drezner did before
using his methodology to think about coercion successes and failures in the 1990s. We started
with the coding Drezner used—whether a target country was in Box 1 (low expectations of
conflict, large gap in opportunity costs), or elsewhere. Most of the coding Drezner made in the
1990s still seemed appropriate to us, but we made three changes based on changing circumstances. We moved Kazakhstan from Box 1 to Box 3, because since 1997 that country steadily diversified its transport routes and was, in the 2000s, not nearly so dependent on Russian pipelines and markets, thus narrowing the gap in opportunity costs. We moved Kyrgyzstan from Box 3 to Box 4 because after 2000 and before the coercion attempts began Kyrgyzstan suffered severe internal instability which led to leadership that was both weaker and less friendly to Russia. We moved Lithuania from Box 4 to Box 2 mainly because it became almost entirely dependent on Russian energy sources, thus increasing Russia’s leverage. We considered moving Georgia from Box 2 to 4 because of decreased trade and energy dependence, but we decided that that change came after the sanctions attempts and the brief war, rather than before it.

The Drezner model predicts the pattern of coercion attempts as well as the success of coercion. It suggests that fewer coercion attempts will be made against allies than adversaries, and the fewest against allies with whom there is only a small gap in opportunity costs. In the 1990s, Drezner’s results conformed to those expectations and that result was repeated in the 2000s (Table 4). In the 1990s there were 2.1 coercion attempts per country against 7 allied countries vs. 3.4 coercion attempts per country against 7 adversary countries. The 2000s showed fewer attempts over a longer period, but much the same pattern as in the 1990s: more attempts against adversaries than allies.

---

4 Drezner said that, in the 1990s, 7 of the 14 countries had high conflict expectations and could be considered adversaries rather than allies. We do not think things changed much in the 2000s. Kyrgyzstan briefly became less friendly to Russia, as noted above, but we would judge that it has since moved back to the low conflict expectations camp.
More importantly, the Drezner model also predicts the extent of concessions based on conflict expectations and the gap in opportunity costs. We have characterized the results of the 27 coercion attempts in terms of their success or failure in achieving Russia’s objectives (see Table 5). We ranked on subjective grounds each effort either a failure, or achieving minor, moderate, or significant gains for Russia.  

---

5 We know from the debates between Pape and Hufbauer and Knorr and Baldwin that interpretations of causes and results of coercion attempts can vary widely among analysts. In this work we accept the Drezner analysis and interpretation of events in Russia in the 1990s and try as closely as possible to use the same framework in the 2000s.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Armenia</td>
<td>Stake in energy industries</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Significant</td>
</tr>
<tr>
<td>2 2005 Armenia</td>
<td>HTPP or stake in Iran gas pipeline</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>-- Azerbaijan</td>
<td>N/A</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>3 2004 Belarus</td>
<td>Control of Belarus gas company</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>4 2007 Belarus</td>
<td>Control of Belarus gas company</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Significant</td>
</tr>
<tr>
<td>5 2010 Belarus</td>
<td>Customs Union agreement</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Moderate</td>
</tr>
<tr>
<td>6 2007 Estonia</td>
<td>Keep Russian statue in its place</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>7 2006 Georgia</td>
<td>Disapproval of pro-West policies</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>8 2006 Georgia</td>
<td>Release of Russian spies</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>9 2008 Georgia</td>
<td>End to NATO accession talks</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>10 2004 Kazakhstan</td>
<td>Extended lease for Baikonur</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Moderate</td>
</tr>
<tr>
<td>11 2009 Kyrgyzstan</td>
<td>Stake in Dastan, removal of US base</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>None</td>
</tr>
<tr>
<td>12 2010 Kyrgyzstan</td>
<td>Raise oil tariffs 100%</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>13 2011 Kyrgyzstan</td>
<td>Customs Union accession</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Significant</td>
</tr>
<tr>
<td>14 2012 Kyrgyzstan</td>
<td>Ownership of Dastan, Kyrgyzgaz control of Ventspils port</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Significant</td>
</tr>
<tr>
<td>15 2003 Latvia</td>
<td>control of Ventspils port redefined border</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>16 2006 Latvia</td>
<td>Expanded lease for Baikonur</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Minor</td>
</tr>
<tr>
<td>17 2011 Latvia</td>
<td>Russian an official language</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>18 2003 Lithuania</td>
<td>Stake in Mazeikiai oil company</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Moderate</td>
</tr>
<tr>
<td>19 2006 Lithuania</td>
<td>Stake in Mazeikiai oil company</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>20 2011 Lithuania</td>
<td>Pipeline rights returned to Gazprom</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>21 2006 Moldova</td>
<td>Change in pro-West policies</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>22 2010 Moldova</td>
<td>Change in anti-Russian policies</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>23 2008 Tajikistan</td>
<td>debt exchange for equity, Okno</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Moderate</td>
</tr>
<tr>
<td>24 2009 Turkmenistan</td>
<td>Influence in Turkmen gas production</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>25 2005-06 Ukraine</td>
<td>Change in pro-West policies</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>26 2008-09 Ukraine</td>
<td>Basing rights, Black Sea Fleet, pro-Russ govt</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Significant</td>
</tr>
<tr>
<td>27 2012 Ukraine</td>
<td>Control of pipelines</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>None</td>
</tr>
</tbody>
</table>

Source: See appendix for case details and sources.
Despite the increase in Russia’s economic power noted by Trenin, Russian coercion attempts had far less success in the latter period. Only 6 out of 27 coercion attempts, (22.2%) yielded significant concessions compared to a 38% success rate in the 1990s (Table 6). This overall success rate supports the view that Russia’s economic sanctions in the 2000s were overall less effective than they were in the 1990s.

Table 6: The Conflict Expectations Model: Coercion Attempts And Successes, 2001-2012*

<table>
<thead>
<tr>
<th>Low Expectations of Conflict</th>
<th>High Expectations of Conflict</th>
<th>Success rate for Significant Concessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Gap in Opportunity Costs</td>
<td>Box 1 3 coercion attempts Average Result = 1.67 (vs. expected 3.0)</td>
<td>Box 2 11 attempts Average Result = 0.45 (vs. expected 2.0)</td>
</tr>
<tr>
<td>Moderate/Small Gap in Opportunity Costs</td>
<td>Box 3 5 attempts Average Result = 1.40 (vs. expected 0.0)</td>
<td>Box 4 8 attempts Average Result = 1.25 (vs. expected 1.0)</td>
</tr>
</tbody>
</table>

Success rate for Significant Concessions  
2/8 = 25%  
4/19 = 21.0%  
6/27 = 22.2%

*Using Drezner's coding of gaps and conflict expectations from the 90s, adjusted by authors for changes prior to coercion attempts.

How did the Drezner methodology perform in helping predict the imposition and effectiveness of economic sanctions? In the 1990s, the conflict expectations model did quite well in predicting the relative success of coercion efforts separated into the 4 categories of the model. In Table 3 we compared the actual to the average predicted success in each of the four
boxes, and showed that only in Box 3 were the results off the mark. The model did quite a good job of predicting the relative success of the sanctions effort depending on the two conditioning factors stressed by Drezner: expectation of conflict and gap in opportunity costs.

The model was significantly less accurate in the 2000s. In the cases where Russia had substantial economic leverage (Boxes 1 and 2, Table 6), sanctions efforts met with significant success only 14.3% of the time, and the average result per box was much lower than expected. In the 1990s, against adversarial countries in a weak bargaining position (Box 2 countries), Russian success almost matched model expectations (an average score of 1.73 vs. expected score of 2.0). But in the 2000s, while Russia made the same number of coercion attempts against Box 2 countries, the success score was only 0.45. The success score against Box 2 countries in the 2000s was actually the lowest of the four categories, instead of the model-predicted second highest (Table 7).

<table>
<thead>
<tr>
<th>Table 7: Comparing Model Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Box 1</td>
</tr>
<tr>
<td>Predicted Score</td>
</tr>
<tr>
<td>Actual Score 1990s</td>
</tr>
<tr>
<td>Actual Score 2000s</td>
</tr>
</tbody>
</table>
Box 1, where a combination of large gap in opportunity costs and a low expectation of
conflict should lead, according to the model, to the greatest likelihood of significant
concessions had only a one-in-three (33%) success rate, far lower than the 75% success rate
noted by Drezner in the 1990s. In Drezner’s coding, Belarus and Kazakhstan were in Box 1, and
they received 8 attempts in the 1990s. We have shifted Kazakhstan to Box 3 in the 2000s,
because it diversified its trade routes and thus reduced the economic leverage Russia had over
it. But Belarus, the only remaining country in Box 1—still highly dependent on Russian trade
and energy and closely aligned politically with Russia--nonetheless had the will to successfully
resist or at least seriously dilute Russian attempts at economic coercion. In sum, the Drezner
approach suggests that more coercion attempts will be performed against less friendly states
(high conflict expectations); 19 out of 27 (70.4%) of the recorded coercion attempts were
against Box 2 and 4 countries.

Drezner also tested the coercion efforts against competing theories that say either: (1)
military force or the threat of military force is usually behind any reported sanction success; or,
(2) sanctions are more often successful against weak or unstable regimes. In The Sanctions
Paradox Drezner refers to some empirical literature (Elliott and Uimonen 1993; Ling Lam 1990)
and his own regression analysis to argue against the idea that military force or threat account
for sanctions effectiveness, and he finds the same results in his analysis of the Russian coercion
attempts in the 1990s, claiming that Russia’s sanctions in the 1990s were more effective when
military power was not involved. Similarly, he found that sanctions were more successful
against stable rather than unstable regimes.
Our results for the 2000s are not so clear cut. We coded only Kyrgyzstan as a weak/unstable regime and Russia’s sanctions against that country were highly successful. Overall, Russia achieved a 75% success rate against unstable regimes in the 2000s vs. a 30% success against the rest. Our results on military threat or force are more consistent with Drezner’s. We found that military threats were used only against Georgia in the 2010s, and they resulted in no success at all. Only when actual force was applied in 2008 did Georgia’s attitude become amenable to Russian demands. The Conflict Expectations Model correctly predicted that Russian sanctions efforts would be frequent but it overestimated the degree of concessions Georgia would offer.

Comparative Studies of Critical Cases

Overall these results suggest that Drezner’s Conflict Expectations Model, which worked quite well in the period when it was developed in the 1990s, was less successful in the next decade but still offered some useful insights into the imposition and effectiveness of economic sanctions.

In the 1990s, Moldova had a large gap in opportunity costs of coercion and high expectations of future conflict with Russia, placing it in Box 2 of Drezner’s Conflict Expectations Model (Table 2). This coding would predict that Moldova give moderate concessions to Russia, which held true through the 1990s. Since 2000, however, reducing its trade with Russia by integrating into the global economy helped Moldova to lower the gap in opportunity costs of coercion, thus making the country more resistant to Russia’s coercion attempts.

For example, in 2006, Russia issued a wine embargo on Moldova, claiming that it had found traces of metals and pesticides in Moldovan wine (this coincided with the ban that Russia
placed on Georgian wine for similar reasons) (BBC 2006). The wine embargo was a retaliatory measure by Russia against Moldova’s plans for accession into the European Union (EU) (Chivers 2006). As was the case for Georgia, Russia’s wine embargo was particularly devastating to Moldova’s economy. In fact, Russia consumed half of Moldova’s wine production, an industry which accounted for approximately 20% of the country’s GDP (Centre for Eastern Studies 2010). Although the ban on wine exports significantly hurt its economy, Moldova withstood Russia’s attempt to stall the country’s EU aspirations. Moldova’s success in resisting Russian coercive measure was in large part due to its accession into the World Trade Organization (WTO) in 2001, which not only helped Moldova to diversify its trade, but also gave it leverage against Russia, threatening to use the wine embargo as grounds to vote against Russia’s own bid to join the WTO. Russia withdrew its ban on Moldovan wine and mineral water by the end of the year.

Moving forward, we predicted that Moldova would continue to integrate into Europe’s economic and political framework, distancing itself even further from Russia. Although there remained a large gap in opportunity costs and high expectations of conflict, Moldova’s government bore the short-term costs of coercion in order to realize its long-term political goals. In this case, Moldova’s high expectation of conflict with Russia played a more important factor in determining its resistance to Russian coercion demands than the model predicts. The concept of learning and strategic interaction at least in part explains Moldova’s behavior in the 2000s. Its experience dealing with an aggressive Russia in the 1990s, which sought large concessions such as autonomy for the breakaway region of Transdnistria and CIS membership and to which it acquiesced on three out of four occasions, helped embolden Moldova to withstand these subsequent coercion attempts by reducing its dependence on Moscow.
In comparison, Ukraine was highly dependent on Russia’s economy and political support throughout the 1990s, and was the target of Russian economic coercion five times during this period. Similar to Moldova, Ukraine’s high expectations of conflict and large gap in opportunity costs with Russia placed it in Box 2 of Drezner’s model, according to which the country predictably conceded moderate concessions to Russia. Unlike Moldova, however, Ukraine remained vulnerable to Russian coercion into the 21st century, as its political elite largely pursued economic and energy policies that strengthened Moscow’s influence in the country. Ukraine was the target of several more coercion attempts in the 2000s and, in most cases, continued to concede moderate gains to Russia.

In one of the more prominent cases, Russia shut down Ukraine’s gas supply in January 2009 after the two countries failed to come to terms on a new pricing agreement. Russia halted shipments to Ukraine for nearly two weeks, during which period Ukraine lost approximately $100 million in potential transit fees (Nesterov 2009). Under increasing pressure from Russian leadership and European leadership whose member states were negatively impacted by the significant reduction in gas shipments, Ukraine backed down. Prime Minister Yulia Tymoshenko eventually agreed to an increase in gas prices, a deal which prompted Tymoshenko’s political opponents to file a criminal suit against her two years later for abuse of power while in office, leading to her arrest.

Disputes over pricing continued throughout the year, resulting in a prolonged series of interruptions to Ukraine’s gas supply and, consequently, a downturn in the country’s economy. These developments also played a part in the 2010 election of President Victor Yanukovych, who proved to be much friendlier to Russia than the previous administration. Within his first
few months in office, Yanukovych signed an agreement which gave Ukraine a discount of
$100/1,000 cubic meters of gas from a new price of $330 in exchange for renewing Russia’s
rights to the Sevastopol naval base 25 years after 2017 (RT 2010).

As opposed to Moldova, Ukraine more or less maintained a high expectation of conflict
with Russia and a large gap of opportunity costs beyond 2000. However, the country still did
fairly well to withstand Russian coercion measures in this period. Its average score in three
attempts (1.0) compared to the predicted outcome for a country in Box 2 (2.0) One explanation
for this discrepancy is that, at least in the immediate years following the Orange Revolution and
more recently following the Euro-Maidan movement that removed Victor Yanukovich from
power, Ukraine’s political leadership enjoyed enough popular support to balk at Russia’s
demands, even despite the economically disastrous consequences that may have resulted from
acts of coercion. Learning and strategic interaction also played a role in explaining Ukraine’s
more recent behavior. As in the case of Moldova, acquiescing to Russia on multiple occasions in
the 1990s and conceding significant demands in these cases created further incentive for
Ukraine to break from Moscow’s grip, pursuing closer relations with Europe, including new
energy supplies.

In contrast to the previously mentioned case studies, Kyrgyzstan had a moderate gap in
opportunity costs and low expectations of conflict with Russia in the 1990s, placing it in Box 3 of
the model. Drezner predicted that a target country in this category would face few coercion
attempts, which is true in the case of Kyrgyzstan in the 1990s. After 2000, however, Kyrgyzstan
suffered from internal instability and had leadership that was generally more antagonistic
toward Moscow, necessitating a move of the country into Box 4 of Drezner’s model. As the
model would predict, during this time period, Russia targeted Kyrgyzstan with greater frequency and with greater strategic demands tied to its coercion attempts.

For example, Russia demanded that Kyrgyzstan end the lease of its Manas airbase to U.S. and NATO forces and hand over a 48% stake in the Dastan torpedo factory in 2009, offering a package of $2 billion in debt forgiveness and development assistance in return. The U.S. response was to agree to increase its annual rent of Manas from 17.4 million to 60 million, as well as to promise tens of millions dollars in airport renovations and economic assistance (Gleason 2009). President Kurmanbek Bakiyev’s acceptance of the U.S. offer just after agreeing with Russia to close Manas outraged the Russian government and further strained their relations. This political fallout, in part, prompted Russia to raise its petroleum tariffs to Kyrgyzstan to 100%, causing overall gasoline prices to rise by 20%. With widespread public outrage for Bakiyev, who proved to be every bit as corrupt as his predecessor, Kyrgyzstan spiraled into revolution.

The fact that Kyrgyzstan was the target of only one measure of Russian coercion in the 1990s (according to Drezner, 1997) likely contributes to its failure to benefit from learning and strategic interaction in the following years. Moldova, like several other former Soviet states that were frequently targeted in the 1990s, made a great effort to hedge against Russia by developing stronger commercial ties with the West. As we previously stated, this strategy was successful for Moldova in the 2000s. Ukraine, on the other hand, balancing a number of competing interests among the population and within its political circles, some Russophile and others anti-Russian, did not lessen its dependence on Russia as a major energy supplier or trade partner. Thus, Kyrgyzstan may be subject to more frequent measures of coercion from Moscow.
moving forward, though a number of factors such as anti-Russian attitudes with the country and the degree of determination to diversify its economy will contribute to the outcome of these sanction efforts.

**Conclusion**

Our results suggest that a two-period or dynamic game yields much different results than the first period game. In fact, in this case, the gains to Russia were about half as large as in the first round. In the 1990s, Russia came after the Eurasian states with a series of demands and an array of sanctions to coerce the target countries to acquiesce. Russia met with a considerable amount of success and the success rate varied considerably depending on the factors Drezner (1999) elucidated in his Conflict Expectations Model. In the 2000s, Russia posed similar demands (although this time more concentrated on the energy sector, less so on military and basing issues), and met with considerably less success.

There was a definite shift in Russia’s sanction strategy from the 1990s to the 2000s, at least in part due to the changing geopolitical environment in the post-Cold War era. Having to compete for influence with the West in Eastern European states and the Caucasus and with China in Central Asia, Russia could not afford to employ such aggressive sanction measures as it did in the 1990s. Antagonistic policies by Moscow could pushed Eurasian states closer to competing regional powers that seek to establish a greater presence in the former Soviet space. We predict that Russia will follow this trend of employing restrained/limited coercion measures as it deals with increasing Chinese and European presence in its self-proclaimed ‘sphere of influence,’ perhaps reverting to using more carrots than its traditionally preferred method of sticks. Thus most Eurasian states, having benefited from learning and strategic interaction in
the 1990s, will be increasingly less dependent on Russia for trade and energy supply/transit and able to withstand Russian coercions with greater success than in the first decade of their independence.

Even though Russian absolute economic and military power advanced considerably due its favorable energy position and the establishment of a strong and competent authoritarian state, most of the former Soviet states, learning from the 1990s, increased their resistance by strengthening political and economic ties with the West and China, by building new pipelines, or by becoming, in some cases, more nationalistic in their attitudes. For example, by strengthening its military and economic cooperation with Western Europe through its accession to NATO and the EU in 2004, Estonia greatly reduced its vulnerability to threats of energy price hikes and trade embargoes by Russia, so much so that the country only faced one unsuccessful coercion attempt from Russia since 2000 compared to the 1990s, when it conceded moderate gains to Russia in three cases of economic coercion. In Central Asia, particularly in Kazakhstan and Uzbekistan, constructing pipelines and increasing oil and gas supply shipments to China largely reduced these countries’ dependence on Russia’s energy transit infrastructure, which gave them greater leverage to resist Russian coercion and resulted in few cases of coercion by Russia compared to the 1990s. Still other countries in the former Soviet sphere, such as Georgia and Ukraine, remain vulnerable to economic and other forms of coercion by Moscow, but their political leadership is bolstered by strong anti-Russian sentiment among the population to resist the demands of these coercion attempts.

President Putin retains designs to build a Eurasian Union but the progressive weakening of Russia’s coercive power demonstrated in this paper raises the question of whether a less
coercive and a more cooperative posture from the beginning might have served Russia’s ambitions better. The un-testable counterfactual is whether Russia might have achieved more of its aims by using a strategy of engagement rather than coercion, a point raised by Haass and O’Sullivan (2000) discussing US sanctions efforts in the 1990s. The analysis makes clear that Russia’s sanctions successes in the 1990s created a strong desire in many of the Eurasian states to reduce Russia’s economic leverage over them by diversifying their trade and energy links. It is possible that a less aggressive Russian strategy in the 1990s – though it might have brought smaller short term gains – could have better served Russian’s long term interests. In the 1970s Soviet leaders determined that the effectiveness of military invasions was waning and instead relied on economic coercion through an increasingly interconnected and enhanced energy and industrial sector between the Soviet Union and the Council for Mutual Economic Assistance comprised of countries of Central Europe (Closson 2011). In contrast, Russian leaders’ frustrations with waning influence in Eurasia in the 2000s combined with the hard hitting global financial crisis of 2008 may have contributed to the diplomatic decision to resort to force in the Russian military invasion of Georgia (2008) and Ukraine (2014).

Drezner’s work has important lessons for the economic sanctions literature in general, especially the two debates cited above—between Baldwin and Knorr and between Pape and Hufbauer. Knorr disparages sanctions (even calling them counterproductive) because in a handful of historically important cases sanctions failed to achieve their truly large political objectives, such as coercing Japan to withdraw in 1941 from its recent conquests in southeast Asia. Baldwin, Hufbauer, and our continuation of Drezner’s study show that economic sanctions can and often have been a low-cost way to advance national interests. Pape’s major
contention was that any significant result from the sanctions cases that Hufbauer examined really was caused by military intervention or the threat of military intervention, not the economic coercion. In the Russian cases examined over these two decades actual military power seemed to come into play only once, and in that case the target country, Georgia in 2008, initiated military action. Russia’s use of economic leverage alone was often sufficient to advance—if not completely satisfy-- its foreign policy objectives. Instead of rejecting the use of sanctions out of hand—as Knorr and Pape recommend--it is more reasonable to use sanctions in cases with more limited foreign policy objectives where they are most likely to be of help. Drezner’s Conflict Expectations Model has been shown to be a useful tool for the foreign policy analyst weighing statecraft options in pursuit of national interests.


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