

POLITICAL RELATIONS, LEADER STABILITY, AND ECONOMIC COERCION

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Abstract: Countries utilize economic sanctions as a coercive policy instrument in order to extract policy concessions in disputes with other countries. At the same time, for leaders of targeted countries, this form of external pressure may have domestic political repercussions – the leaders' domestic support may change, which in turn is likely to affect their political survival prospects. In this paper, we investigate how this dual effect of economic coercion shapes the use of sanctions in the context of political relations between the two countries. Political relations matter because a decline in the likelihood of the leader's political survival results in a cost for the sanctioner when the target is a friendly regime, and generates a benefit when the targeted regime is an adversary. Therefore, we argue, and show empirically, that economic coercion is more likely against friendly regimes that are more stable, and against adversarial regimes when their stability declines.

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The relationship between economic coercion and political stability in sanctioned countries has come to the forefront of research on effectiveness of economic sanctions because it identifies an important causal mechanism through which sanctions succeed in changing sanctioned countries' policies (McGillivray and Stam 2004; Marinov 2005; Escriba-Folch and Wright 2010). Given that sanctions can destabilize sanctioned regimes (i.e., targets), do countries considering sanction imposition (i.e., senders) have additional incentives to use sanctions against adversaries and to avoid them with friends? Previous research suggests that such incentives may indeed exist: sanctions are less likely within allied and democratic dyads (Drezner 1999; Lektzian and Souva 2003). However, no study systematically examines how international political relations and regime stability jointly influence sanction policies. This paper develops a theory of sender governments' decision-making regarding the use of sanctions that places this foreign policy instrument in a broader context of countries' political relations.

We consider countries' interest in cultivating relations with friendly governments and prospects of improved relations with hostile nations to be a key motivating factor in countries' decision to use sanctions. Friendly political relations improve prospects for cooperation across various issue areas, as well as in future interactions, whereas hostile relations have the opposite effect. Our argument explicitly incorporates the trade-off that the sender faces. On one hand, sanctions may deliver instrumental and/or symbolic benefits to the sender's leadership. On the other hand, sanctions may affect the probability of the target's leader remaining in office, i.e. policy concessions may be politically costly for the target leader (Debs and Goemans 2010). Imposed sanctions can lead to significant economic hardship in the target country, thereby increasing public dissatisfaction and disapproval of the leader's decisions. The destabilizing effect of sanctions may actually be beneficial from the sender's perspective: the sender may

prefer to see leadership turnover in countries that pursue conflicting or hostile foreign policies. In the case of the sender's allies and valuable partners in foreign affairs, however, the cost of target destabilization may reduce the incentive to use sanctions in the first place.

After an overview of relevant research, we present our theoretical argument that centers on the value that the sender derives from its relations with target country leaders to explain the sender's willingness to engage in economic coercion. We then test hypotheses derived from our theory and show that, as expected, senders are more reluctant to impose sanctions against friendly regimes as their stability declines, whereas the willingness to threaten and initiate sanctions increases when a hostile regime becomes less stable. Finally, case studies of U.S. sanctions imposed against Chile in 1970 and 1973 check the plausibility of our findings.

This study makes two key contributions to the research on foreign policy-making. First, we explicitly examine the trade-off that a country faces when choosing to make use of a foreign policy instrument (such as sanctions): the utility from receiving policy concessions versus the utility from changing stability levels of the opponent's political regime. The empirical strategy and novel results are the second contribution of this study. We estimate the probability of leader survival, rather than relying on indirect measures of political stability, to conduct empirical analyses, which yield robust support to the argument that relations with other countries and these countries' political stability play an important role in governments' foreign policy-making.

SANCTIONS AS A FOREIGN POLICY INSTRUMENT

If the goal of economic sanctions is to change a country's behavior, existing research indicates sanctions are only modestly effective. While Hufbauer, Schott and Elliott (1990) conclude that sanctions succeeded about 35% of the time, Pape (1997) argues that the success

rate is just 5%.¹ Despite this, sanctions do not lose their appeal as a foreign policy tool: the number of imposed sanctions increased in the 1980s and 1990s, and remained stable in the 2000s after a minor decline (Morgan, Bapat and Kobayashi 2014). This puzzle motivates a significant amount of recent sanctions research: if sanctions are not a highly effective instrument, why do countries continue utilizing them?

This question has prompted a more in-depth investigation of the causal mechanism linking the use of economic coercion and its outcomes. In particular, sanctions research has identified the target's political stability as a key element of this mechanism as well as a direct objective of sanctions. On one hand, leader destabilization can account for the instrumental role of sanctions: when target countries' leaders choose their response to sanction threats or imposition, the potential impact of sanctions and concessions on the target leaders' political survival may increase the likelihood of concessions (Marinov 2005). On the other, the leaders of sanctioning countries may receive substantial benefits both internationally and domestically if sanctions destabilize a hostile government. A sender may not doubt the target leader's intention to maintain its controversial policy; consequently, the sender applies economic pressure so that domestic actors force the uncompromising leader out of office and replace him with a more amenable one. Even if the target leadership remains in office, it will struggle to stay in power as a result of sanctions, and this costly effort may deter the leader from engaging in provocative actions in the future (McGillivray and Stam 2000, 2004).

Extant research suggests that target leaders' decision-making takes the destabilizing effect of sanctions into account and examines responses to this effect. In particular, democracies are more likely to concede after sanctions than autocracies, especially when democratic leaders

¹ The most recent estimates of success rates range between 27-56% (Morgan, Bapat and Kobayashi 2014).

are at a greater risk of being removed from office (Allen 2008a,b; Hart 2000; Lektzian and Souva 2007). Autocratic leaders mitigate the destabilization effect differently: they suppress domestic opposition by resorting to human rights abuses, repression, and power consolidation following sanction onset (Peksen 2009, 2010; Peksen and Drury 2010; Wood 2008).

While target leaders' incentives to limit political instability resulting from economic coercion have received some attention in the sanctions scholarship, it is largely silent on the effect of the opponent's instability on the sender's strategy. The sender is likely to anticipate changes in the target's political stability and evaluate their desirability in the context of the sender-target political relations. Insights from other areas of IR research, in particular international conflict, suggest that the political survival of other leaders has a direct effect on foreign policy-making. For instance, a country is more likely to attack or pressure an opponent when the opponent is in the weakest position, i.e. most politically vulnerable (Maoz 1989; Maoz and Russett 1992; Huth and Russett 1992). Countries with similar preferences in international politics, on the other hand, benefit from stable cooperative relations with each other: such benefits include peaceful conflict resolution (Gartzke 2007), enhanced security through alliance formation (Lai and Reiter 2000), and greater economic exchanges (Morrow, Siverson and Tabares 1998; Kastner 2007).

Our theoretical approach is informed by these diverse strands of research. We expect countries to act by weighing more immediate, policy-specific, considerations against broader benefits from cooperation with like-minded countries, when choosing how to respond to international disputes. A sender's interest in extracting concessions on a controversial policy adopted by another country is just one dimension of its national interests, broadly defined. The decision to threaten or use sanctions also depends on a country's interest in establishing or

maintaining a stream of cooperative benefits. This approach is consistent with IR scholarship indicating the presence of this trade-off in other issue areas. For instance, allies find it easier to overcome the prisoner's dilemma with regards to trade liberalization because a country's increased security resulting from its allies' economic gains overshadows the country's potential economic losses (Gowa and Mansfield 1994). Similarly, Stone (2008) argues that countries are more willing to accept costs (through greater default risks) to protect important partners: in particular, the U.S. "has pressured the [International Monetary] Fund to be lenient because [the U.S.] has been reluctant to risk destabilizing friendly regimes" (594). Below, we explicitly investigate this trade-off in the sanctioner's decision-making.

SENDER-TARGET POLITICAL RELATIONS, TARGET STABILITY, AND SANCTION POLICIES

We characterize the effect of the sender-target political relations and the target's political stability on the sender's choice to threaten or impose sanctions by focusing on a trade-off between the value that the sender derives from this long-term consideration and the value of extracting concessions on the target's controversial policy. Our discussion is informed by an extensive complete-information sanction game, which is similar to models in Lacy and Niou (2004) and Whang et al. (2013). Here, we discuss the key features of the formal analysis and its insights informally; full details are available in Appendix A.

The main benefit of our approach is that it focuses on microfoundations of sanction threats and imposition: we consider a range of objectives that the sender government may consider in its decision-making process and show how these objectives combine to determine conditions, under which the sender chooses a particular course of action. We assume that there is a policy dispute between the sender and target, and that the target's policy is optimal: it

maximizes the target leader's winning coalition support, so that any deviation, i.e., a policy change, would make the target worse off and affect the leader's political stability. Our conceptualization of political stability centers on the leader of a target country: if the leader is more likely to be removed from office through regular or irregular means, political instability increases. Since the target pursues an optimal policy, the target's leader will not change it unless coerced to do so. The sender prefers the target to abandon this policy because its implementation imposes a cost on the sender.

The starting point in the sender-target interaction is the sender's decision to threaten sanctions or accept the status quo. If the sender chooses the status quo, the probability that the target leader remains in office, i.e., the leader's survival probability, remains unaffected and is determined by factors exogenous to this interaction.² This pre-sanction, or status quo, survival probability can subsequently decrease as a result of sender-target interactions. While we assume that the target leader is most stable under the status quo, we do not make any assumptions regarding the relative size of survival probabilities associated with other outcomes in this interaction to keep our argument as general as possible and incorporate all possible effects of sanction interactions on target leaders' survival – i.e., positive or negative changes in the survival likelihood as a result of pre- or post-sanction concessions, sanctions, and sanction stalemate.

Another important assumption concerns the sender's payoffs: they are determined not only by the costs associated with the target's controversial policy, as is commonly assumed in the sanctions literature, but also by the political relationship with the target country. The sender cares about changes in the survival probability of the target's leadership because leaders set policies of their countries. Foreign policies, in particular, can be more (or less) in line with the

² We list these factors in the empirical section, since they are not the theoretical focus of this study.

sender's own foreign policy objectives. If, however, a new leader comes into office, foreign policies are likely to change and bring the target's preferences closer to (or further away from) the sender's preferences. The sender does not know which political challenger will become the next target leader, but uses the expected value of the distribution of all possible replacements as the estimate of the new leader's likely alignment with the sender's preferences. If the new leader is expected to adopt a more similar foreign policy position compared to the incumbent, we consider the target's incumbent government to be the sender's "adversary." If, on the other hand, the new leadership is likely to pursue policies more divergent from the sender's preferences, the target's incumbent leader is the sender's "friend." Therefore, the utility that the sender derives from the relationship with the target depends on the closeness with the incumbent leadership weighted by its survival chances and the closeness with the expected replacement government weighted by the probability that it assumes office. Note that the sender essentially faces a lottery where it can get one of two possible leaders in the target country, and existing studies suggest that country leaders may be willing to play this lottery rather than accept the expected value of the lottery as a certain outcome for undesirable outcomes, but reluctant to play the lottery for desirable outcomes (Bennett and Stam 2003; Goemans and Fey 2009; Croco 2011). In the sanction interaction, then, the sender should be more willing to play the lottery when the incumbent is an adversary and more reluctant when the incumbent is a friend.

If the sender's leader issues a threat by demanding a policy change in exchange for not imposing sanctions, the target's leader can resist or offer concessions. If the target concedes, the sender prevails and does not incur the policy cost any longer, but the sender's payoff now depends on the target leader's new stability level. If the target resists, the sender chooses between imposing sanctions and backing down. If the sender backs down, its utility depends on

the target's stability level, which equals the status quo survival probability, and the cost of the target's controversial policy.³ If the sender does sanction, the target can concede the policy or hold out and create deadlock. Either of these two outcomes alters the target's stability level, and this in turn affects the sender's utility, which is also a function of other sanction costs.⁴

We are primarily interested in establishing how the target's political stability and relationship with the sender affect the sender's decision-making. Therefore, our discussion focuses on the sender's choices to threaten and impose sanctions. First, consider the sender's decision to sanction. In addition to the factors identified in the existing research as determinants of sanction imposition (i.e., audience costs, sanction costs, and domestic symbolic benefits), we expect the sender's decision to reflect the value that the sender derives from the relationship with the target leadership. The sender's choice to sanction is based on the utility derived from the anticipated change in the survival probability of the target's incumbent government and the expected improvement (or deterioration) of the relationship under the new government, as compared to the sum of the remaining costs and benefits associated with the decision to sanction. In interactions with friendly regimes, the sender's utility declines when the stability level of the target's incumbent government decreases as a result of sanctions. In this case, we expect that, as the status quo stability level increases, a fixed decrease in the incumbent's survival probability results in a smaller marginal utility loss for the sender. Therefore, sanctions should be more likely as a friendly target's status quo stability increases. Intuitively, this suggests that the sender is more willing to accept an increase in the incumbent's political instability in a friendly target country in exchange for sanction benefits if the target regime is highly stable to begin with.

³ Our sanction model also incorporates audience costs for not backing up the threat, following existing research: such costs can be linked to domestic (Fearon 1994) or international audiences (Sartori 2003). Our main argument does not depend on these costs.

⁴ Appendix A specifies all possible sanction costs.

In the case of adversarial relations, target destabilization leads to an increase in the sender's utility. We expect that a fixed decline in political stability of an adversarial incumbent in the target country will produce a less significant gain for the sender as the incumbent's status quo survival prospects improve. In other words, when dealing with adversaries, the sender will view sanctions as a more valuable coercive option when the target is in the weakest position. Hence, sanctions should be less likely as the stability of the target's current leadership increases. This discussion yields two hypotheses:

H1 ("Sanctions against Friends"): As the status quo political stability of a 'friendly' target increases, the likelihood of sanctions should increase as well.

H2 ("Sanctions against Adversaries"): As the status quo political stability of an 'adversarial' target increases, the likelihood of sanctions should decrease.

We now examine the sender's decision to threaten sanctions. The sender issues a threat after evaluating its effect on political survival of the target's leadership. First, consider the scenario of friendly sender-target relations prior to the sanction episode. In this case, the sender's utility decreases if survival prospects of the target's incumbent leader deteriorate during sanctions. As the incumbent's status quo stability increases, a fixed decline in the survival probability produces a smaller marginal utility loss for the sender. Consequently, sanction threats should become more likely as the target leader's status quo survival probability is closer to one. Now consider the case of adversarial relations: a decline in the stability of an adversarial leader increases the sender's utility. As the target's status quo likelihood of remaining in office moves closer to one, a fixed decrease in the survival probability has a smaller positive marginal impact on the sender's utility. Hence, threats should be less likely when sender-target relations are adversarial and the target current leader is more secure in office. The intuition behind this

conclusion is straightforward: adversaries are likely to resist offering concessions more strongly than friendly leaders, and the benefit derived from destabilizing the incumbent is insufficient to justify a coercive action against more stable adversarial regimes. These considerations lead to two additional hypotheses:

H3 (“Threats against Friends”): As the status quo political stability of a ‘friendly’ target increases, the likelihood of sanction threats should increase as well.

H4 (“Threats against Adversaries”): As the status quo political stability of an ‘adversarial’ target increases, the likelihood of sanction threats should decrease.

RESEARCH DESIGN

Since our theoretical argument focuses on how the sender’s decision calculus reflects the potential destabilizing effect of sanctions, we design empirical tests to analyze the determinants of the sender’s two choices: to issue a threat or not, and to impose sanctions or back down. More specifically, our analysis aims to test the conditional effect of the sender’s political relationship with the target and the target’s stability level on the sender’s propensity to threaten and impose sanctions. Such an empirical strategy requires measures of the target leader’s stability level and the closeness of the sender-target political relationship.

To construct a measure of target stability, we calculate the predicted probability of failure⁵ for every leader from 1945 to 2005. This predicted probability of losing office is determined by factors extensively studied in previous research (e.g. state of economy, wars, etc.).⁶ To obtain these probabilities, we start with Marinov’s (2005) model of leader failure: a

⁵ By failure, we simply mean regular or irregular removal from office.

⁶ There exist some measures of government stability, such as the International Country Risk Guide. However, our approach has three advantages: first, the ICRG data only spans the 1985-

logit model of leadership change, using the length of the leader's tenure and natural cubic splines to allow the underlying hazard for all leaders to vary over time.⁷ We modify this model by including additional variables discussed in other studies on leader survival (Debs and Goemans 2010): civil wars, logged population and irregular means of entry into office. This estimation procedure constitutes the first stage of our empirical analysis.

In the second stage, we use the predicted probability of the target's leader failure and interact it with sender-target affinity measures for the analyses of sanction threats and imposition.⁸ We look at both decisions for two reasons. First, our theoretical model indicates that the considerations of target stability enter into both decisions made by the sender. Second, this approach allows us to take selection effects into account, consistently with previous research that indicates that threats are an integral part of sender-target interactions (Morgan and Miers 1999; Nooruddin 2002; Drezner 2003; Lacy and Niou 2004; Marinov 2005; Whang et al. 2013).

First Stage Data and Variables

For the first stage, we follow the estimation procedure described in Marinov (2005) using information from the *Archigos* dataset (Goemans, Gleditsch and Chiozza 2009). *Archigos* contains information on leaders from 188 countries between 1875 and 2004. Since we seek to predict leader failure caused by political and/or economic factors, rather than natural causes or institutional rules, we re-coded cases, in which the leader left office due to death or term limits as

2010 period, which would cause our analysis to lose forty years of data; second, our estimated measure is more nuanced because it does not rely on the averaging of ordinal measures; third, our measure imitates the uncertain nature of the sender's calculation.

⁷ This approach was advanced by Beck, Katz, and Tucker (1998). Its key advantage over other methods, such as Cox proportional hazard regression or Weibull models, is that it does not require making a restrictive assumption regarding the structure of the leader's hazard function.

⁸ We bootstrap the two stages to obtain standard errors for the second stage.

non-failures, and treated these observations as censored. To specify the leader failure model, we start with regressors included in Marinov's model: *Ongoing Imposed Sanction*, *Militarized Dispute*, *Logged GDP per Capita*, *GDP Growth*, *Democracy*, *Leader's Age*, *Logged Leader Tenure*, *Democracy*Logged Tenure*, *Previous Times in Office* and *Cubic Splines*. We also control for *Logged Population*, *Irregular Means of Entry* and *Civil War*.⁹

Second Stage Data and Variables

Since we want to model not only the sender's decision to sanction after making a threat, but also the decision to issue the threat, we need the entire universe of potential sanction cases. As a result, our dataset includes every directed dyad between 1945 and 2005. We identify episodes of threatened and imposed sanctions using the second version of the Threat and Imposition of Sanctions (TIES) dataset (Morgan, Krustev and Bapat 2006), which contains 1412 sanction episodes with initiation years ranging from 1945 to 2005 and includes all disputes where "one or more states took actions to limit or halt economic relations with a target state in an attempt to persuade the target state to engage in, modify or end some policy" (TIES manual, 3). Only countries that TIES lists as the primary sender in a given episode are coded as senders in our dataset, because the decision to initiate economic coercion is driven primarily by these countries.¹⁰ Secondary senders are likely to make their decisions based not only on their relationship with the target, but also with the primary sender.¹¹

⁹ Appendix B provides detailed information on data sources and summary statistics.

¹⁰ When an international organization was the sender or target (or when no primary sender was listed), we treated the member country (or listed sender) with the largest GDP in the pre-sanction year as the sender or target in that episode.

¹¹ For a study of cooperation among co-senders, see Martin (1992). We report robustness checks that include co-senders in Appendix B.

We coded two dependent variables to represent the sender's actions at each of its two decision nodes: these variables indicate whether the sender issued a threat (*Threat*) or imposed sanctions (*Sanction*). *Threat* takes the value of 1 if TIES indicates the start of a sanction episode, and 0 otherwise. *Sanction* equals 1 for the year when sanctions were imposed, and 0 otherwise.¹² Since these are binary dependent variables, we use logit models to estimate the effects of key variables on the probability of sanction threat and imposition.

We test our theory using an interaction of the predicted probability of leader failure from the first stage with a measure of dyadic affinity. We rely on two affinity indicators: Signorino and Ritter's (1999) and Voeten and Strezhnev's (2013) s-scores.¹³ The former captures the similarity of foreign policy preferences by calculating the rank-order correlation of the two countries' alliance portfolios, while the latter uses the correlation of nations' votes in the UN General Assembly. Signorino and Ritter's (1999) affinity scores for the U.S., the country that uses sanctions most frequently, suggest that it had the closest relations with its South and Latin American neighbors in the late 1940s (s-scores equal 1). Cooperation among countries in this region was formalized through the creation the Inter-American Treaty of Reciprocal Assistance in 1947, and the Organization of American States the following year. The most hostile country, from the American perspective, was the USSR: in 1956, after the Warsaw Pact was established, the affinity measure takes its lowest value, -.2.¹⁴ This was also the year that marked the new period of escalating Cold War hostility, symbolically reflected in Khrushchev's threatening

¹² Updated TIES includes a threat variable so that not all episodes include threats. We believe that 'surprise' sanctions are unlikely because senders should prefer giving their targets a chance to modify their behavior before sanction imposition. Hence, unobserved threats likely occurred in private (through diplomatic channels).

¹³ We use Voeten and Strezhnev's (2013) data. Both measures are unweighted global s-scores. Signorino and Ritter (1999) discuss the calculation of s-scores.

¹⁴ 1956 was also the year of the Hungarian revolution suppressed by the USSR, and the Suez crisis, which allowed the USSR to expand its influence in the Middle East.

message to Western diplomats: “Whether you like it or not, history is on our side. We will bury you” (Time 26).

We lag the predicted probability of failure to avoid endogeneity bias. Because we argue (and show below) that senders consider the effect of sanctions on target stability, it is quite possible that the correlation between predicted failure and sanction decisions is not because unstable adversaries make attractive targets, but because countries are more likely to get in conflict with their adversaries and sanctions are destabilizing them. We do not similarly lag the affinity measures since we seek to capture the political closeness of incumbent governments; however, sanctions might lead to political friction, so we conduct robustness checks using lagged models.¹⁵ Our expectation is that the interaction will have a negative coefficient because senders should be less likely to sanction “friends” (high s-scores) and more likely to sanction adversaries (low s-scores) when the target leader is less stable.

We construct a list of control variables for the threat model by relying on existing studies that identify determinants of sanction threats and dispute initiation. These controls are *Target Democracy*, *Sender Democracy*, *Logged Sender GDP*, *Target’s Trade Dependence*, *Sender’s Trade Dependence*, *Target’s Trade Openness*, *Sender’s Trade Openness*, *Logged Distance*, *Militarized Interstate Dispute Initiation*, *Peace Years* (years without a sanction episode), and natural cubic splines.¹⁶

The sanction model includes several of the control variables from the threat model, except for measures of economic and trade activity (*Logged Sender GDP*, *Sender Trade Openness* and *Target’s Trade Openness*) because these variables were included in the threat

¹⁵ See Appendix B for these models.

¹⁶ We ran robustness checks by including alternative time variables: a Cold War dummy, time trend and cubic polynomial approximation (Appendix B). Our main results remain unaffected.

stage to capture the general propensity for disputes. The sanction model regressors are *Target's Trade Dependence*, *Sender's Trade Dependence*, *Target Democracy*, *Sender Democracy*, *Logged Distance*, and *Logged Capability Ratio*.¹⁷

EMPIRICAL ANALYSIS

First Stage Results

Our results from the leader survival model are generally similar to Marinov's (2005): ongoing sanctions are positively correlated with leader failure; militarized disputes and GDP growth reduce the failure likelihood; national wealth has no effect on leader survival; and we find further evidence that the hazard function increases over time for democracies and decreases for autocracies. The only difference is that we did not find any significant relationship between the leader's age and failure. The additional variables (*Civil War*, *Logged Population* and *Irregular Means of Entry*) were all significant and in the directions consistent with extant research (Debs and Goemans 2010): leaders that experience civil wars, enter office through irregular means and govern more populous countries are at a higher risk of failure.¹⁸

Second Stage Results—Threat Model

We estimate the threat model on three samples, starting with the full sample and then restricting our analyses to the subsets of trading and politically relevant dyads, as Table 1 reports. We test our hypotheses on different samples to address a problem that could arise due to the inclusion of all possible dyad-years: estimation models can produce unreliable inferences if the occurrence of a nonevent is extremely more prevalent than an event (Green, Kim, and Yoon 2001; King and

¹⁷ Appendix B provides detailed information on all variables.

¹⁸ Appendix B provides the results table.

Zeng 2001). In our dataset, threat cases constitute just 0.09% of all observations. Existing research offers some solutions to this problem, such as applying a more selective approach to non-event observations to reduce their number. One such approach centers on identifying “politically relevant” dyads (Maoz and Russett 1993): if we restrict our sample to politically relevant dyads, the prevalence rate of threats increases nine-fold – to 0.83%. Another selection criterion can be the existence of a dyadic trade relationship: only dyads with economic links are in a position to engage in economic coercion against each other. Also, following King and Zeng (2001), we used rare events logit on a full sample, and our key results remained unchanged.¹⁹

¹⁹ See Appendix B.

Table 1: Results from Sanction Threat Models (Logit)

	Full Sample	Trading Dyads	Politically Relevant
Threat			
Predicted Leader Failure	1.31** (0.61)	1.30** (0.60)	1.42** (0.56)
S-score	-1.64** (0.21)	-1.56** (0.26)	-1.13** (0.26)
S-score*Predicted Leader Failure	-1.64* (0.96)	-1.58* (0.88)	-1.94** (0.78)
Democratic Sender	0.09 (0.10)	-0.01 (0.09)	0.20* (0.12)
Democratic Target	0.66** (0.09)	0.61** (0.09)	0.50** (0.11)
Logged Sender GDP	0.85** (0.02)	0.83** (0.03)	0.61** (0.03)
Target's Trade Dependence	2.27** (0.25)	2.46** (0.22)	1.97** (0.21)
Sender's Trade Dependence	4.03** (0.30)	4.23** (0.27)	3.29** (0.40)
Sender's Trade Openness	0.01** (0.00)	0.01** (0.00)	0.01 (0.01)
Target's Trade Openness	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Logged Distance	-0.04** (0.01)	-0.02 (0.01)	-0.02* (0.01)
MID Initiation	1.56** (0.26)	1.43** (0.24)	1.29** (0.24)
Peace Years	-0.002 (0.01)	-0.003 (0.01)	-0.014* (0.006)
Cubic Spline1	0.001** (0.0001)	0.001** (0.0001)	0.001** (0.0002)
Cubic Spline2	-0.001** (0.0002)	-0.001** (0.0002)	-0.001** (0.0002)
Cubic Spline3	0.0003** (0.00007)	0.0003** (0.00007)	0.0003** (0.00009)
Constant	-20.75** (0.56)	-20.39** (0.69)	-15.75** (0.78)
Observations	662056	451567	67984
Log likelihood	-4047.31	-3892.20	-2677.73
Wald chi2	4815.85	3824.63	1647.90

Standard errors in parentheses. Stratified by sender. 100 bootstrap replications.

* p<0.10, ** p<0.05

To summarize our main findings from Table 1, we find strong empirical support for our argument. The coefficient on the interaction term is negative, statistically significant and consistent across all three samples. However, logistic coefficients are difficult to interpret, especially when it comes to interactions of continuous variables; therefore, below we explore our key findings graphically.

Figure 1 presents the marginal effect of changing the affinity measure from its minimum (-0.19) to maximum (1) across all possible values of predicted leader failure for politically relevant dyads.²⁰ The effect is statistically significant, but very small initially when there is no chance of failure, and then reaches a 5% increase in the probability of a threat when target leader failure moves from impossible to certain. This effect is substantial: it is five times the baseline threat probability, which is just under 1%. Figure 2 shows the effect of changing the predicted leader failure from its minimum (0) to the maximum (1) across all possible values of dyadic affinity. The graph provides clear support for Hypothesis 4: threats become more likely as an adversary's leader instability increases. When the affinity measure is at its minimum, the effect of min-max change in the leader's probability of failure is a 5% increase in the threat probability. This relationship remains consistent and statistically significant for s-scores up to 0.4. For higher values of the affinity variable the effect is indistinguishable from zero, even when the sender and target's alliances are perfectly aligned. Therefore, we find no evidence of a relationship between friendly targets' stability and the likelihood of threats, as stated in Hypothesis 3.²¹

²⁰ Control variables are at mean values for continuous variables and modal values for dichotomous variables.

²¹ Our model provides some insight into why this null finding might occur. It is possible that a large majority of the policy concessions that "friends" ask of each other are not that destabilizing (Drezner 1999) or that audience costs are minimal when dealing with friends (Tomz and Weeks 2013).

Figure 1: Substantive Effect of Alliance Similarity on Sanction Threats

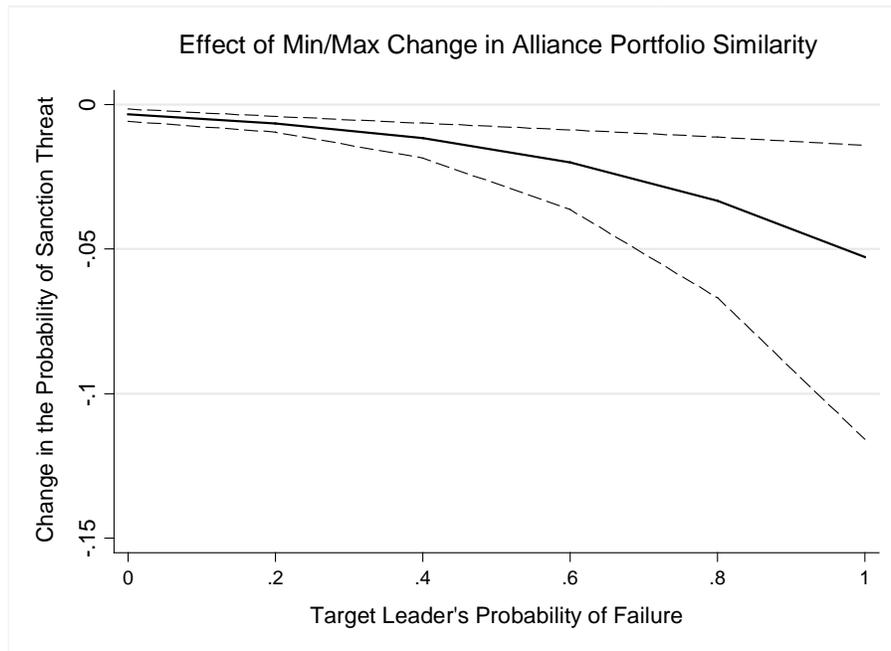
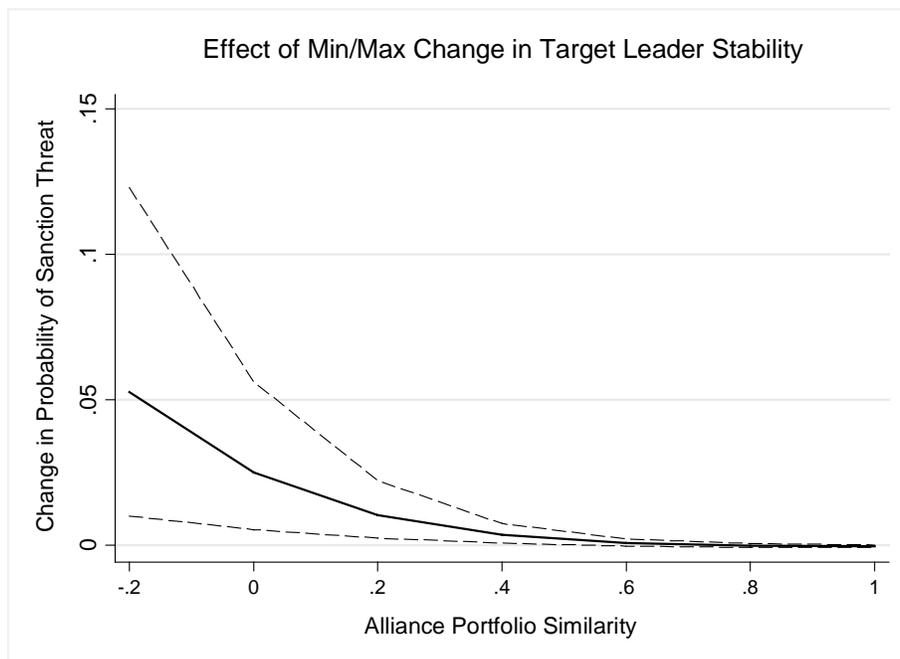


Figure 2: Substantive Effect of Target Leader Stability on Sanction Threats



The effects of the control variables are quite consistent with previous research.

Democracies and less distant countries are more likely to be targets of threats. Moreover, senders

are more likely to threaten targets when sanctions are more likely to work (i.e., the target is more dependent on the sender for trade). More affluent and open senders also have a greater propensity to threaten sanctions. In addition, militarized disputes make sanction threats more likely. The only counterintuitive result is that threats are more likely when the sender is more dependent on the target for trade. However, Whang et al. (2013) report a similar finding, which suggests that inaction in a dispute with the target may be domestically costly for the sender government when it has economic leverage over the opponent.

Second Stage Results—Sanction Model

To test Hypotheses 1 and 2, we run a second logit model for the imposition of sanctions; therefore, we focus on dyads that experience an ongoing episode of threatened sanctions. Table 2 presents these results and shows that the coefficient on the interaction term is negative and significant as expected. The constitutive terms are significant and positive. When the affinity variable takes the value of zero, the sanction probability rises as the predicted probability of the target leader's failure increases. Since the mean value of dyadic affinity is about 0.75, the s-score of zero represents hostile dyads, so this effect is in line with our hypotheses. The other constitutive term indicates that sanctions become more likely for more closely aligned dyads when the probability of leader failure is zero. This effect also conforms to our expectations: when dealing with a stable target, senders should be more likely to sanction friendly regimes than adversaries.

Table 2: Results from Sanction Imposition Models (Logit); Politically Relevant Dyads

	Alliance Similarity (All Dyads)	Alliance Similarity	UN Voting	UN Voting (Lagged)
Predicted Leader Failure	3.31** (1.34)	3.34** (1.45)	1.21** (0.54)	1.23** (0.54)
S-score	2.01** (0.47)	2.34** (0.54)	1.32** (0.27)	1.15** (0.28)
S-score*Predicted Leader Failure	-4.22** (1.86)	-4.40** (2.17)	-3.39** (1.04)	-2.94** (1.06)
Democratic Target	-0.24 (0.18)	-0.36* (0.22)	-0.57** (0.18)	-0.58** (0.18)
Democratic Sender	0.24 (0.24)	-0.12 (0.29)	-0.07 (0.30)	-0.06 (0.30)
Logged Distance	-0.00 (0.02)	0.01 (0.02)	-0.00 (0.02)	-0.01 (0.02)
Logged Capability Ratio	-0.04 (0.04)	-0.02 (0.04)	-0.11** (0.04)	-0.11** (0.04)
Target's Trade Dependence	-1.06** (0.47)	-0.86* (0.50)	0.12 (0.45)	0.03 (0.45)
Sender's Trade Dependence	0.69 (0.71)	1.19 (0.74)	1.47* (0.77)	1.33* (0.78)
Constant	-0.97** (0.38)	-0.97** (0.42)	0.28 (0.29)	0.31 (0.29)
Observations	903	729	768	763
Percent Reduction in Error	13.69%	13.54%	16.19%	15.49%
Log likelihood	-600.90	-485.10	-502.02	-502.17
Wald chi2	33.05	31.20	52.67	45.10

Standard errors in parentheses. Stratified by sender. 100 bootstrap replications.

* p<0.10, ** p<0.05

The next models focus on politically relevant dyads because the target's stability should be more salient from the sender's perspective in such dyads. As expected, the effect grows for politically relevant dyads. Note that our results remain largely unchanged when our estimation is based on the entire sample, as well as trading dyads. To ensure that our results are not a product of our choice of measurement, we re-run the models with the affinity measure based on UN voting patterns. The coefficient on the interaction term remains significant and negative after this replacement. Since endogeneity is a greater concern for this measure of affinity, the final model

in Table 2 reports results using lagged s-scores. Again, the effect is statistically significant and in the expected direction. In addition, coefficients on four control variables reach statistical significance in some models: *Target Democracy*, *Logged Capability Ratio*, and *Target's Trade Dependence* have a negative association with sanction imposition, while *Sender's Trade Dependence* has a positive effect. However, these results are not particularly robust.

Since the UN voting measure fits the data for sanction imposition about 19.5% better than the alliance-based measure, we create a first differences graph based on the model with the UN voting similarity measure – the specification in column 3 of Table 2. Figure 3 shows the effect of affinity across all possible values of the predicted probability of leader failure.²² At the lower end where leaders are completely stable, an increase in affinity from the minimum to the maximum has a positive and significant effect – it results in approximately a 50% increase in the sanction probability (about 100% of the baseline sanction probability). This positive effect declines as instability grows, loses its statistical significance when the failure probability reaches .3, and becomes negative and significant for failure probabilities of .65 and greater. Such a pattern is consistent with Hypotheses 1 and 2. Furthermore, Figure 4 illustrates the effect of target leader stability across varying levels of affinity: for dyads with most dissimilar UN voting records, i.e., s-scores ranging from -1 to about 0.1, the effect is positive and significant. This result indicates that greater target leader instability increases the sanction probability for adversarial targets: the change from a completely secure office position to prospects of a certain removal increases the sanction probability by 70%. On the opposite side of the affinity scale, by contrast, the same change in target stability decreases the sanction probability by nearly 50%.

²² Marginal effect graphs hold continuous regressors at means and binary variables at modal category.

Figure 3: Substantive Effect of UN Voting Similarity on Sanction Imposition

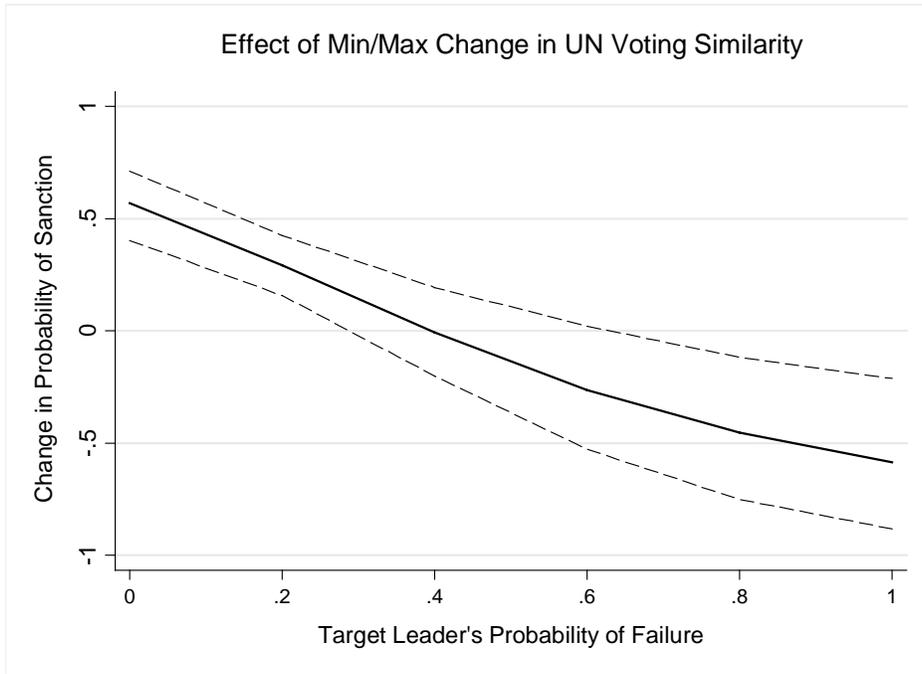
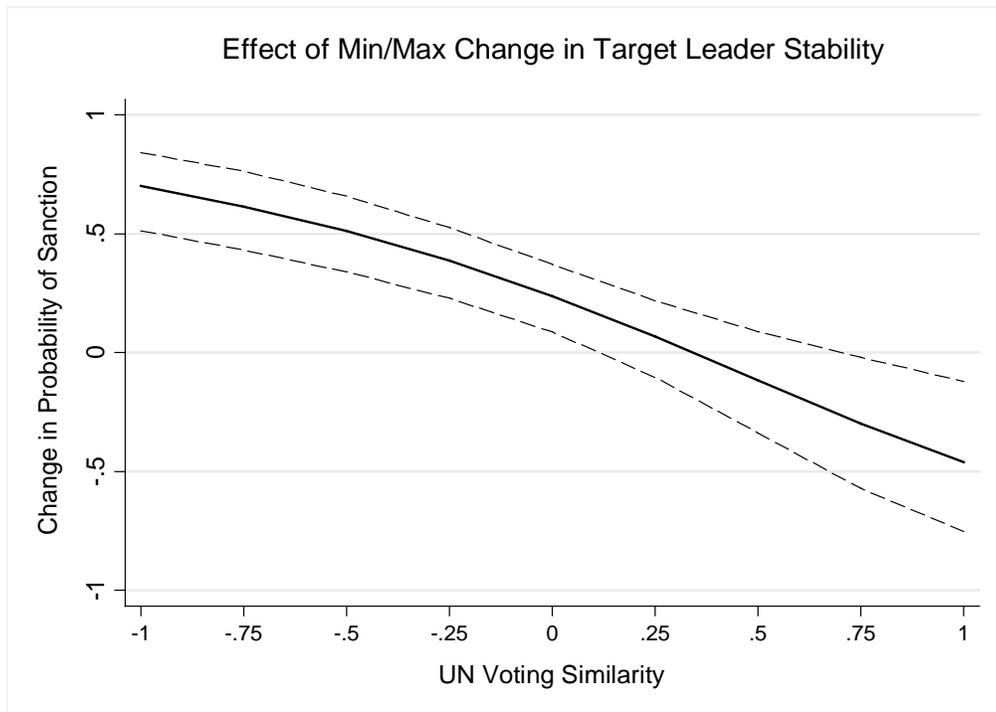


Figure 4: Substantive Effect of Target Leader Stability on Sanction Imposition



Robustness Check—Heckman Probit

Given that previous studies indicate that sanction threats and imposition are not independent events (Nooruddin 2002; Marinov 2005), we consider the possibility of selection effects by running a Heckman probit model (Reed 2000). The log-likelihood function for the model takes the following form:

$$\ln [L = \sum_{Y_1=0} [\ln(1 - \Phi(B'_1 X_1))] X_1) + \sum_{Y_1=1, Y_2=0} [\ln \Phi_2(B'_1 X_1, -B'_2 X_2) - \rho] + \sum_{Y_1=1, Y_2=1} [\ln \Phi_2(B'_1 X_1, B'_2 X_2) \rho]$$

Y_1 represents the dependent variable of *Ongoing Threat* in the selection equation – an indicator of an ongoing episode of threatened sanctions, in which neither country has backed down, but the sender is yet to sanction.²³ Y_2 represents the dependent variable *Sanction* in the main equation. ρ represents the covariance of errors between the two equations, the X 's – the matrix of independent variables, the β 's – the coefficients from these equations, and Φ – the probit link function.

Table 3 reports our findings from the Heckman probit model. For all samples—based on all dyads, trading dyads, and politically relevant dyads—the coefficient on the interaction term remains consistently in the expected direction and statistically significant. Moreover, the value of ρ is not statistically significant, and the log-likelihood ratio test shows that the null (i.e., $\rho=0$) cannot be rejected. This means that modeling the two decisions—to threaten and impose sanctions—separately does not lead to biased results due to the lack of covariance in the models' errors.

²³ This is not the same dependent variable as in the threat models. There, we coded the initial threat in the episode. Here, the threat variable captures ongoing threats in sanction episodes that have not ended but sanctions have not yet been imposed.

Table 3: Heckman Probit Models of Sanction Threats and Imposition

	Full Sample	Trading Dyads	Politically Relevant
Sanction			
Predicted Leader Failure	1.99** (0.79)	1.78** (0.84)	2.02** (0.87)
S-score	1.23** (0.27)	0.99** (0.26)	1.40** (0.33)
S-score*Predicted Leader Failure	-2.54** (1.14)	-2.18* (1.18)	-2.65** (1.35)
Democratic Target	-0.15 (0.11)	-0.11 (0.10)	-0.21* (0.12)
Democratic Sender	0.15 (0.17)	0.23 (0.16)	-0.05 (0.16)
Logged Distance	-0.00 (0.01)	-0.02** (0.01)	0.00 (0.01)
Logged Capability Ratio	-0.03 (0.02)	-0.03 (0.02)	-0.01 (0.03)
Target's Trade Dependence	-0.65** (0.30)	-0.88** (0.36)	-0.47 (0.29)
Sender's Trade Dependence	0.44 (0.53)	-0.04 (0.59)	0.81 (0.59)
Constant	-0.59 (0.40)	-0.36 (0.36)	-0.70* (0.39)
Ongoing Threat			
Predicted Leader Failure	0.60** (0.26)	0.60** (0.24)	0.65** (0.28)
S-score	-0.72** (0.08)	-0.68** (0.09)	-0.56** (0.10)
S-score*Predicted Leader Failure	-0.77** (0.37)	-0.75** (0.34)	-0.88** (0.37)
Democratic Sender	-0.01 (0.03)	-0.05* (0.03)	0.05 (0.05)
Democratic Target	0.25** (0.03)	0.23** (0.03)	0.20** (0.05)
Logged Sender GDP	0.30** (0.01)	0.30** (0.01)	0.23** (0.01)
Target's Trade Dependence	1.16** (0.09)	1.22** (0.09)	0.98** (0.10)
Sender's Trade Dependence	1.58** (0.10)	1.64** (0.10)	1.22** (0.16)
MID Initiation	0.83** (0.11)	0.80** (0.11)	0.69** (0.10)
Logged Distance	-0.02** (0.00)	-0.01** (0.00)	-0.01** (0.00)
Sender's Trade Openness	0.00** (0.00)	0.00** (0.00)	0.00 (0.00)
Target's Trade Openness	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.01)
Peace Years	-0.01** (0.00)	-0.01** (0.00)	-0.01** (0.00)
Constant	-7.63** (0.20)	-7.63** (0.25)	-6.12** (0.28)
Rho	-0.00 (0.10)	0.02 (0.10)	0.04 (0.11)
Observations	662056	451567	67984
Log likelihood	-4943.72	-4738.92	-3429.29
Wald chi2	38.44	36.37	28.80

Standard errors in parentheses. Stratified by sender. 100 bootstrap replications.

Natural cubic splines included in selection equation but not shown.

* p<0.10, ** p<0.05

CASE STUDIES

At the core of this study is sender leaders’ decision-making calculus: namely, their concerns over destabilizing friends or incorrectly timing their destabilization efforts against enemies can prevent senders from using economic coercion. While statistical tests cannot gain access to the mind of a decision-maker, qualitative research can draw on records of inner-circle discussions, and this archival evidence shows that our theoretical argument reflects actual decision-making processes remarkably well.

We gathered information for six case studies, as Table 4 shows. We chose this number in order to fill each quadrant in our theoretical two-by-two table as well as highlight cases, in which the concern about destabilizing friends or taking on strong adversaries prevented even sanction threats. Due to space constraints, we focus on two cases below and the remaining four in Appendix C.

Table 4: Overview of Case Studies

	“Friends”	“Adversaries”
Stable	France-New Zealand [Sanction]	U.S.-Dominican Republic [Delayed Sanction until Unstable] U.S.-Haiti [No Threat]
Unstable	U.S.-Chile 1974 [No Sanction] U.S.-Chile 1965 [No Threat]	U.S.-Chile 1970-73 [Sanction]

We deliberately rely on primary sources to examine the decision-making calculus without relying on interpretations of events (secondary sources) and avoid misinformation stemming from deliberate deception or natural lapses in memory (elite interviews).²⁴ Given the scarcity of such material, all but one of our cases are Cold War examples involving the U.S. as

²⁴ As the immortal Marcel Proust poetically wrote, “The remembrance of things past is not necessarily the remembrance of things as they were.”

the sender and a Latin American country as the target. This case selection is justified because generalizability is not our concern in analyzing these cases – empirical analyses addressed this concern in the previous section. Second, approximately half of TIES episodes include the U.S. as a sender. Finally, other sources indicate that our argument holds outside of this time period, and for other dyads: President Johnson sought to weaken sanctions against Sukarno during his “Crush Malaysia campaign” because Johnson worried about destabilizing a pliable leader in the region (Schenirer 1983), and Premier Khrushchev stopped shipments of wheat to Albania when a drought made Enver Hoxha particularly vulnerable to destabilize a leader Khrushchev felt was too closely aligned with rival China (Freedman 1970).

U.S.-Chile (Allende): 1970-1973

The greatest threat in Chile for the U.S. government was Salvador Allende. After unsuccessful runs for presidency in 1956 and 1964, the Chilean physician ran again on a Socialist platform of industry nationalization, land reform and income redistribution. Fearing that Allende’s election would move Chile closer to U.S. rivals Cuba and the USSR, the American government had spent exorbitant amounts of money to ensure that Allende would not get elected in his previous two tries (Hersh 1983; Farnsworth 1974; Fagen 1974).²⁵ Despite their best efforts and millions more spent to support former Conservative president and close U.S. political ally Jorge Alessandri Rodriguez, Allende won and became the president on November 4, 1970.²⁶

It was a historical election as it marked the first time that South America had freely elected a Marxist to the highest office. The gravitas of the situation was not lost on the Nixon administration. In a memorandum to the President (U.S. National Security Council 1970a, 1-4),

²⁵ In 1964, these activities cost around \$20 million (Hersh 1983).

²⁶ The estimated cost of supporting Alessandri was approximately \$1 billion (Fagen 1974).

National Security Adviser Henry Kissinger wrote that “the election of Allende as President of Chile poses for us one of the most serious challenges ever faced in the hemisphere.” He went on to stress the importance of U.S. reaction by suggesting to Nixon that his decision would “be the most historic and difficult foreign affairs decision you will have to make this year, for what happens in Chile over the next six to twelve months will have ramifications that will go far beyond just U.S.-Chilean relations.” Kissinger firmly believed that Nixon’s action towards Chile would have ripple effects on the future of all Latin America as well as the U.S.’s positioning against the USSR. The central problem for Kissinger was that Allende was a “tough and dedicated Marxist” with a “profound anti-US bias.” He believed that Allende would immediately become “a leader of opposition to us in the Inter-American system, a source of disruption in the hemisphere and a focal point of support for subversion in the rest of Latin America.” This conclusion was based on the assumption that Allende would seek to “establish a socialist, Marxist state in Chile,” “eliminate US influence from Chile and the hemisphere,” and “establish close relations and linkages with the USSR, Cuba and other socialist countries.”

The fundamental problem was that Allende’s victory in a free and fair election gave him legitimacy both domestically and internationally; hence, the Nixon administration was constrained in what it could do publicly. Since Nixon had for years been on record that the U.S. needed to respect self-determination and pursue a path of non-intervention in Latin America, he would suffer a considerable loss of credibility and allow Allende to appeal to nationalist sentiment and strengthen his domestic position, had Nixon openly tried to thwart the Allende government. Thus, the election posed some “very painful dilemmas” for the U.S.

In his memorandum, Kissinger set out three possible courses of action: the “modus vivendi” option, the “overt hostility” plan, and the “cold and correct” approach. The “modus

vivendi” plan was essentially for the U.S. to do nothing; the “overt hostility” plan called for public declarations of opposition and coercive actions such as an embargo or total elimination of U.S. aid; and the “cold and correct” approach would have the administration provide a “cold” response to Chile where they would not openly oppose but would do little to establish a working relationship or give any signs of support. At the same time, the last option would require covert acts of political and economic sabotage. For Kissinger, each plan had its drawbacks and benefits, but the “modus vivendi” plan was the worst because Allende entered office in a weak position due to “tension in his supporting coalition,” “suspicion of Allende in the military,” “strong but diffuse resistance to a Marxist state” and “serious economic problems.” Inaction would only strengthen Allende by giving him time to consolidate power. Kissinger preferred to act because “we know he is weaker than he will ever be and when he obviously fears our pressure and hostility.”

Three days later, President Nixon held a meeting with his inner circle to discuss the administration’s approach to Allende. Below is an excerpt from this meeting (U.S. National Security Council 1970b, 1-2, 4):

Kissinger: All of the agencies are agreed that Allende will try to create a socialist State. As for our response to this, [...] it amounts to two choices: (1) seek a modus vivendi with the Allende Government or (2) adopt a posture of overt and frank hostility. In between is a third possibility: adopt what is in fact a hostile posture but not from an overt stance, that is, to move in hostility from a low-key posture. A modus vivendi has the risk that he will consolidate his position and then move ahead against us. A posture of overt hostility gives strength to his appeal of nationalism and may not work anyway. As for in between—the problem is that he will know we are working against him and he can expose us anyway even though we maintain a correct and cool approach.

Secretary of State Rogers: [...] There is general agreement that [Allende] will move quickly to bring his program into effect and consolidate his position. [...] If we have to be hostile, we want to do it right and bring him down. A stance of public hostility would give us trouble in Latin America. We can put an economic squeeze on him. He has requested a debt rescheduling soon—we can be tough. We can bring his downfall perhaps without being counterproductive. The Christian Democratic Foreign Minister thinks we are doing the right thing. He sees two possibilities: that his economic troubles will generate significant public dissatisfaction, or second, that his difficulties will become so great that there will be military moves against him... We have severe limitations on what we can do. A strong public posture will only strengthen his hand. We must make each decision in the future carefully in a way that harms him most but without too much of a public posture which would only be counterproductive.

Secretary of Defense Laird: [...] We have to do everything we can to hurt [Allende] and bring him down, but we must retain an outward posture that is correct. We must take hard actions but not publicize

them. We must increase our military contacts. We must put pressure on him economically. He is in the weakest position now that he will be in; we want to prevent his consolidation.

Eventually, Nixon chose the “cold and correct” approach:

Our main concern in Chile is the prospect that he can consolidate himself and the picture projected to the world will be his success. A publicly correct approach is right. Privately, we must get the message to Allende and others that we oppose him. I want to see more of them.... If we let the potential leaders in South America think they can move like Chile and have it both ways, we will be in trouble.... We will be very cool and very correct. [...] Don't have any illusion—he won't change. If there is any way we can hurt him whether by government or private business—I want them to know our policy is negative. There should be no [loan] guarantees. Cut back existing guarantees if it's possible.

After the meeting, the administration sent out a National Security Decision Memorandum presenting the President's decision: the U.S. would stop financing assistance and loan guarantees from U.S. private banks and the Export-Import Bank, bring “maximum feasible” influence on international lending institutions to limit the amount of credit or assistance, make U.S. private businesses “aware of the government's displeasure with the current [Chilean] administration,” prevent new economic aid to Chile, and research legal ways to release copper from the stockpiles (U.S. National Security Council 1970c, 1-3).

The end result was an “invisible embargo.” Before Allende's election, the World Bank disbursed over \$234 million in loans to Chile; afterwards, the country received no new loans. U.S. economic aid, which was at \$70 million a year during Frei's administration, dropped to a three-year total of \$3.3 million during Allende's term, while at the same time military aid (aid to Allende's chief rival) grew. Chile's lines of short-term credit from American banks sunk from \$219 million to \$32 million, and copper prices plummeted soon after Allende's election and stayed low during 1971–1972 (Sigmund 1974, 333). The U.S. also successfully prevented the disbursement of existing aid and approval of new applications at the International Development Bank and Export-Import Bank. For instance, an IDB loan for a \$30 million petrochemical complex and electrical power project was under study for three years and never came up for a vote (Sigmund 1974, 327). The total amount of losses from undisbursed loans reached \$110

million. Moreover, an \$8 million CIA budget was dedicated to conducting destabilization activities; the most successful of these was the incitation of truckers' strike that cost Chile \$53 million dollars (Hufbauer, Schott and Elliot 2007). All these acts wiped out Chile's dollar reserves, and this lack of foreign exchange and inability to get new loans led to hyperinflation and economic woes that would eventually destabilize Allende and result in his overthrow and suicide.

U.S.-Chile (Pinochet): 1973-1974

On September 11, 1973, military officials lead by General Augusto Pinochet overthrew Allende's Socialist regime. Almost as soon as the military junta took power, they started eliminating political opponents. They imprisoned, tortured and executed thousands of dissidents (Congressional Research Service 1977; Martin 1992; Sikkink 2004). The Nixon administration secretly welcomed the government change because it believed that the new regime would be more pliable on regional issues. However, atrocities made it difficult for the U.S. to openly support the Pinochet regime. In a State Department Staff meeting, newly appointed Secretary of State Henry Kissinger discussed this difficulty.

We should not knock down stories that later prove to be true, nor should we be in the position of defending what they're doing in Santiago. But I think we should understand our policy—that however unpleasant they act, the government is better for us than Allende was. So we shouldn't support moves against them by seemingly disassociating... (U.S. Department of State 1973, 25-27).

This support became more difficult when Chilean exiles, NGOs and the Catholic Church began to lobby U.S. Congressmen to apply pressure on the Chilean regime. Soon, sanctions against Chile became a distinct possibility: Senator Kennedy attached an amendment to the 1974 Foreign Assistance Act, which would eliminate military aid to Chile and reduce economic aid to just \$25 million (Hufbauer, Schott and Elliott 2007).

News of the amendment alarmed Secretary Kissinger who anticipated that the Amendment would seriously harm American interests in the region. He feared that the military junta would not be able to survive without assistance and its collapse would have two main deleterious effects. First, the U.S. would no longer have a regional counterweight for the Soviet-backed Peruvian regime. Second, the junta's collapse could lead to a leftist regime that would thwart U.S. objectives in the Western Hemisphere by providing a regional support base for radical movements in neighboring nations (Walldorf 2008).

In a meeting after the Kennedy Amendment was voted out of the Senate Foreign Affairs Committee, Kissinger seethed to his staff members that Congress “wouldn't rest until we have left wing governments in power everywhere,” that they were going to “cripple any foreign policy we have” and that Senator Kennedy would be sorry “when we have a Castro-like government in Chile.” During that December 3rd meeting, Kissinger discussed his concerns at length:

Kissinger: Well, am I wrong that this sort of thing [cutting the military aid] is likely to finish off the [Pinochet] government?

Assistant Secretary of State Rogers: Yes, I think that's true

Kissinger: All right. What's going to happen after that? Does anyone know? [...] What will happen if that government collapses?

Rogers: There are two possibilities. One of them is that you could have a reversion to the Christian Democrats. You know, this government is now in the process of severing its relationship with the Christian Democratic Party.

Kissinger: I don't think they would vote with us in the OAS or the UN, but I think it's better than the Allende government. [...] if the army winds up totally demoralized, that will affect amongst those out of office the whole future of politics. If it becomes clear that the army can ever move again, the left will become immeasurably strengthened; am I wrong?

Rogers: That's true. The question is which part of the left—the Christian Democratic Party or the Socialist members of the Popular Front. The base of that government is not—

Kissinger: I have no use for that government (Department of State 1974a, 25-37).

As the vote on the Foreign Assistance Act and the Kennedy Amendment approached, Kissinger became more concerned about their impact on the Pinochet government's ability to stay in power. During a December 20th meeting of his staff, Kissinger told Secretary Rogers that the administration had to confront Congress on this amendment because the government had to “go to the mat on things of national interest” because allowing the amendment to pass would

lead to “an extreme left wing government in Chile” (1974b, 31). Three days later, Kissinger reiterated to Rogers that the administration had to take on Congress or face “the most dire [sic] of consequences for our foreign policy” because he could not see “where a military government can go if we cut them off from arms.” He went so far as to say that Congress would not be happy until it saw a “communist or wildly nationalist” government in Chile.

Kissinger shared his concerns with President Ford on at least three different occasions (December 3rd, 4th and 20th), emphasizing that if “we cut off arms, the military government will fall” (White House 1974a). Kissinger admitted that the Pinochet regime was “lousy” but a cut in military aid to Chile would be “disastrous” and that the regime should do “everything possible to get arms to Chile” (1974a, 1974c). Yet eventually, the Kennedy Amendment passed and Ford signed the Foreign Assistance Act into law on December 30, 1974. In his public statements, President Ford indicated that he “regretted” that Congress decided to cut Chile’s military aid and did not regard sanctions as “an effective means for promoting” human rights (Ford 1974). However, the full brunt of the aid cuts was never felt. Since the restrictions did not apply to existing programs on food assistance or housing guarantees, the Ford administration was able to funnel cash to Chile through these two programs. In fact, the bilateral aid to Chile peaked in 1975, when aid should have started dwindling (Pastor 1981; Martin 1992).

CONCLUSION

This paper addresses a fundamental question of countries’ decision-making in the use of a coercive foreign policy instrument. We argue that countries’ political relations with their opponents play an important role in explaining why sanctions are threatened and imposed. A dispute that motivates the use of economic coercion must be weighed against a long-term interest in supporting friendly governments for the sake of future cooperation and in undermining

adversarial governments in hopes of establishing better relations with new leadership. Therefore, our main prediction is that senders will carefully consider the trade-off before using sanction policies against friendly regimes: benefits generated by policy concessions versus a greater probability of leader removal. In the case of hostile regimes, the foreign policy objectives will combine to make the use of sanctions more attractive – sanctions could prove to be instrumentally effective, or increase the probability that a more amenable leader will come to power, or (preferably) both. In fact, these theoretical expectations find robust empirical support: senders are less likely to sanction their friends when leaders of those countries are politically unstable, while hostile targets with unstable leadership are more likely to experience sanctions.

This study suggests that we need to assess sender countries' sanction calculus more carefully. While our prediction that countries will treat their friends and enemies differently seems intuitive, it does not mean that friendly regimes will be generally less likely to experience sanctions. We show that the difference in treatment depends on leadership stability. Thus, a sender may choose to sanction a highly stable friendly government, even if this will reduce target leaders' stability, because the destabilizing effect will be small and its leadership may be willing to offer such concessions, given its secure position in office. Hence, the sender will receive desired concessions while paying only a small destabilization price. If, on the other hand, a similar dispute arises with a highly stable hostile regime, and concessions to the sender will have a similarly negative effect on target leaders' stability, the sender may choose to abstain from sanctions because concessions will be highly unlikely and the sender may be unable to impose economic costs large enough to cause such a highly stable opponent to lose office.

Our findings advance sanction research by shedding light on two broad questions that still vex scholars: Why do sanctions seldom work? Why do policymakers still use sanctions as a

coercive instrument given their ineffectiveness? To the first question, our analysis suggests that some potentially successful sanctions are never implemented against “friendly” nations, presumably those most likely to offer concessions, due to fears of destabilization. Consequently, selection effects may not only be the result of the target’s choices but the sender’s decision-making as well. To the second question, our study highlights the alternative goal of sanctions: destabilization. Even if there is little hope that the target will concede the policy, senders may forge ahead with sanctions because of another potential benefit: the removal of an adversary.

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POLITICAL RELATIONS, LEADER STABILITY, AND ECONOMIC COERCION

ONLINE APPENDIX A: GAME-THEORETIC MODEL OF ECONOMIC SANCTIONS

The appendix to the theory section of “Political Relations, Leader Stability, and Economic Coercion” includes the game-theoretic model that informs our theoretical discussion and Hypotheses 1-4. The set-up of the game, depicted in Figure A1, is common for crisis bargaining models (e.g., Schultz 1999). Like most games of this nature, our model is built on the assumption that there is a policy dispute between the leaders of a sender nation and a target nation.¹ Moreover, we assume that the target nation is practicing an optimal policy, and that some other nation, the sender, would like to see the target change this policy in a way that would make the sender better off. Since the target is pursuing an optimal policy, the target nation’s leader will not change the policy unless coerced to do so by the sender. We also restrict the sender’s coercive actions to economic sanctions and do not allow the sender to threaten or use other coercive instruments (e.g., military action) either in tandem with sanctions or in isolation. [Figure A1 about here]

The starting point in the sanction game is the sender nation’s decision to either threaten the target nation with an economic sanction or accept the status quo. If the sender chooses the status quo, the game ends and both nations receive the payoffs associated with having no sanction episode between them. Whenever the game ends in the status quo, either because the sender chooses not to threaten or backs down from a threat, the target leader survives, i.e., remains in office, with probability $(1 - \theta_N)$, where θ_N is the baseline probability of failure determined by Nature. However, if the game ends in an outcome where the status quo changes for the target, either because the target leader offers a concession to the sender or a sanction is imposed, we assume that this deviation from the status quo causes the incumbent leader’s probability of failure to increase. In sum, under any outcome of the game, the target leader’s support base removes the leader with probability θ ($0 \leq \theta \leq 1$), and θ varies throughout the course of the sanction game, such that θ_N is the baseline probability of failure determined by all relevant considerations; θ_{ACQ} is the probability of failure that incorporates the change in θ associated with the outcome of ACQ; θ_{CD} for the outcome of CD; and θ_{DL} if the outcome is DL. We also assume that these probabilities are known to each player. We do not make any assumptions regarding the relative sizes of the non-status quo probabilities in order to keep our model as general as possible and to incorporate all possible effects of sanction interactions on target leaders’ survival.

When the target leader remains in office, he receives a payoff of $(1 - \theta_N)r$, where $r > 0$ represents rents from remaining in office (e.g., status, prestige, access to resources or ability to implement preferred policies), and $1 - \theta_N$ is the probability that the incumbent stays in office. The sender’s payoff is $v(\Pi_i, \theta_k) - p_S$, where $p_S > 0$ represents the policy cost for the sender: the target’s current policy must impose a cost on the sender, or there would be no dispute between

¹ We refer to the sender country’s leader as “she,” and the target country’s leader as “he.”

the two countries. The second part of the sender's payoff, $v(\Pi_i, \theta_k)$, represents the sender's utility from its relations with the target country leadership. $\Pi_i \in [-1, 1]$, where $i = \{I, C\}$, denotes the level of affinity between the preferences of the sender and the target government: under the incumbent target leader (Π_I) or under the target leader's potential replacement (Π_C). We assume that the sender's utility from these relations is equal to $v(\Pi_i, \theta_k)$, where $k = \{N, ACQ, CD, DL\}$ denotes the outcomes of the game with different probabilities of the incumbent target leader survival, i.e., the status quo (as well as the outcome when the sender backs down after a threat), acquiescence after a threat, concessions after sanctions imposition and deadlock.

We further make the assumption that the new leader that replaces the incumbent in the target country is drawn from a known distribution of political challengers with the mean of Π_C , and this distribution is dyad specific. We make this assumption to account for the fact that for certain dyads, it may be more likely that a potential replacement will be more (or less) aligned with the sender leader than the incumbent target leader. Since Π_C is the mean of the distribution, this implies that if the current level of affinity Π_I is greater than Π_C , the sender leader's expectation is that a potential replacement for the target leader will not make her better off, and vice versa, if $\Pi_I < \Pi_C$. Using this convenience, we define dyadic pairs as "friends" when $\Pi_I \geq \Pi_C$, and as "enemies" when $\Pi_I < \Pi_C$. Finally, $v(\Pi_i, \theta_k)$ is a twice-continuously differentiable function with an inflection point at Π_C : for $\Pi_I \geq \Pi_C$, the function is concave such that $v' < 0$ and $v'' < 0$; and for $\Pi_I < \Pi_C$, the function is convex such that $v' > 0$ and $v'' > 0$. Therefore, when the sender deals with a "friendly" target leader, the sender is risk averse, or formally $v(\Pi_i, \theta_k) > \theta_k v(\Pi_C) + (1 - \theta_k)v(\Pi_I)$. When, on the other hand, the sender faces an "enemy," the sender is risk accepting, i.e., $v(\Pi_i, \theta_k) < \theta_k v(\Pi_C) + (1 - \theta_k)v(\Pi_I)$. This suggests that the sender essentially faces a lottery where it can get one of two possible leaders in the target country, and following existing studies (e.g., Bennett and Stam 2003; Goemans and Fey 2009; Croco 2011), we expect country leaders to be willing to play this lottery rather than accept the expected value of the lottery as a certain outcome for undesirable outcomes, but reluctant to play the lottery for desirable outcomes. In the sanction interaction, then, the sender should be more willing to play the lottery when the incumbent is an adversary and more reluctant when the incumbent is a friend. While we seek to remain agnostic about the exact function that produces $v(\Pi_i, \theta_k)$, we use an example function to ease interpretation. Thus, along with stating the equilibria generally, we provide the equilibria when $v(\Pi_i, \theta_k) = (\Pi_C - \Pi_I) (\theta_k^2)$ and $\Pi_C = 0$. Figure A3 provides a visual representation of this utility function.²

If the sender issues a threat, the target's leader must then decide to either resist (rs) or concede ($\sim rs$). If the target chooses to concede, the policy is forfeited, and the target incurs the cost associated with not pursuing its optimal policy (p_T). In addition to this policy cost, the acquiescence outcome delivers the target a payoff of r multiplied by the probability of staying in office after acquiescing to the sender's demand ($1 - \theta_{ACQ}$). From the perspective of the sender's

² Since the slope of this curve is not constant, the difference quotient (the formula for the secant line) must be used. The difference quotient, $\frac{f(x+h)-f(x)}{h}$, finds the change in a function $f(x)$ due to a fixed increase in x , where h represents the amount of the increase and x the original value of x .

leader, she wins in the dispute over the target's controversial policy. Therefore, she does not incur the policy cost any longer, and her payoff is just the utility she derives from the relationship with the target leadership: $v(\Pi_i, \theta_{ACQ})$.

If the target resists after a threat, the sender leader must determine whether she will follow through and impose sanctions (s), or back down ($\sim s$) from her threat. If the sender backs down, the game ends in the BD outcome. The sender receives the utility derived from the relationship with the target country leadership minus the policy cost and an audience cost ($a \geq 0$) for not backing up her threat: $v(\Pi_i, \theta_N) - p_S - a$. Since there is no change from the status quo for the target, he receives the SQ payoff of r whenever he remains in office. If the sanctions are imposed, the game reaches the final decision node where the target must decide if he will concede the policy after sanctions are imposed ($\sim sf$) or will hold out and create deadlock (sf). If the target concedes (the CD outcome), the sender receives the payoff of $v(\Pi_i, \theta_{CD}) - S_S^L$. S_S^L is the economic cost to the sender nation associated with sanction implementation. If the target concedes, the target's payoff is similar to that of the outcome of pre-sanction concessions, except that the target incurs economic costs as a result of sanctions and experiences a new probability of leadership change: $(1 - \theta_{CD})r - p_T - S_T^L$.

In the case of the deadlock outcome, the leaders' payoffs change in the following manner. First, the sender now suffers the policy cost ($-p_S$). The target leader's probability of failure changes to θ_{DL} . Finally, both the sender and target anticipate higher economic costs (S_S^H and S_T^H , respectively) as deadlock implies a longer time horizon for economic sanctions, i.e., we assume that for the sender, $S_S^H > S_S^L > 0$, and for the target, $S_T^H > S_T^L > 0$.

Decision Rules for the Game

*Note: Top-row rules are for general conditions; bottom-row rules are based on the assumptions that $v(\Pi_i, \theta_k) = (\Pi_C - \Pi_I) (\theta_k^2)$ and $\Pi_C = 0$:

Decision Rule 1:

If the sender sanctions, the target stands firm iff

$$\theta_{DL} - \theta_{CD} \geq \frac{S_T^H - S_T^L - p_T}{r}$$

Decision Rule 2:

If the target will stand firm, then the sender sanctions iff

$$v(\Pi_i, \theta_{DL}) - v(\Pi_i, \theta_N) \geq S_S^H - a$$

$$(-\Pi_I)(\theta_N + \theta_{DL}) \geq S_S^H - a$$

Decision Rule 3:

If the target will not stand firm, then the sender sanctions iff

$$v(\Pi_i, \theta_{CD}) - v(\Pi_i, \theta_N) \geq S_S^L - a - p_S$$

$$(-\Pi_I)(\theta_N + \theta_{CD}) \geq S_S^L - a - p_S$$

Decision Rule 4:

If the target will stand firm and the sender will sanction, the target resists iff

$$\theta_{DL} - \theta_{ACQ} \geq \frac{S_T^H - p_T}{r}$$

Decision Rule 5:

If the target will not stand firm and the sender will sanction, the target resists iff

$$\theta_{CD} - \theta_{ACQ} \geq \frac{S_T^L}{r}$$

Decision Rule 6:

If the sender will not sanction, the target resists iff

$$\theta_N - \theta_{ACQ} \geq -\frac{p_T}{r}$$

Since $p_T > 0$ and $r > 0$, the right-hand side is always less than zero. Moreover, since $\theta_N > \theta_{ACQ}$, the left-hand side will always be greater than zero. Thus, the target always resists when the sender will not sanction.

Decision Rule 7:

If target will resist, the sender will sanction and the target will stand firm, the sender threatens iff

$$v(\Pi_i, \theta_{DL}) - v(\Pi_i, \theta_N) \geq S_S^H$$

$$(-\Pi_I)(\theta_N + \theta_{DL}) \geq S_S^H$$

Decision Rule 8:

If the target will resist, the sender will sanction and the target will not stand firm, the sender threatens iff

$$v(\Pi_i, \theta_{CD}) - v(\Pi_i, \theta_N) \geq S_S^L - p_S$$

$$(-\Pi_I)(\theta_N + \theta_{CD}) \geq S_S^L - p_S$$

Decision Rule 9:

If the target will resist and the sender will not sanction, the sender threatens iff

$$a \leq 0$$

Since audience costs can never be negative, the sender would only threaten if there are no audience costs, i.e. $a = 0$.

Decision Rule 10:

If the target will not resist, the sender threatens iff

$$v(\Pi_i, \theta_{ACQ}) - v(\Pi_i, \theta_N) \geq -p_S$$

$$(-\Pi_I)(\theta_N + \theta_{ACQ}) \geq S_S^L - p_S$$

Equilibria

There exist 12 equilibria (there are values of the parameters that make all four decisions rule hold)³:

- TH, RS, ~SF, DL (only true if $a=0$ and indifferent between SF and ~SF) [Outcome: Sender Backs Down]
- TH, RS, ~SF, CD (only true if $a=0$ and indifferent between SF and ~SF) [Outcome: Sender Backs Down]
- TH, RS, SF, DL [Outcome: Deadlock after Sanction]
- TH, RS, SF, CD [Outcome: Concession after Sanction]
- TH, ~RS, SF, DL [Outcome: Target acquiesces to Threat]
- TH, ~RS, SF, CD [Outcome: Target acquiesces to Threat]
- ~TH, RS, ~SF, DL [Outcome: Status Quo]
- ~TH, RS, ~SF, CD [Outcome: Status Quo]
- ~TH, ~RS, SF, DL [Outcome: Status Quo]
- ~TH, ~RS, SF, CD [Outcome: Status Quo]
- ~TH, RS, SF, DL [Outcome: Status Quo]
- ~TH, RS, SF, CD [Outcome: Status Quo]

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³ We assume that an actor can make either choice when indifferent.

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Figure A1: Extensive Sanction Game with General Payoffs

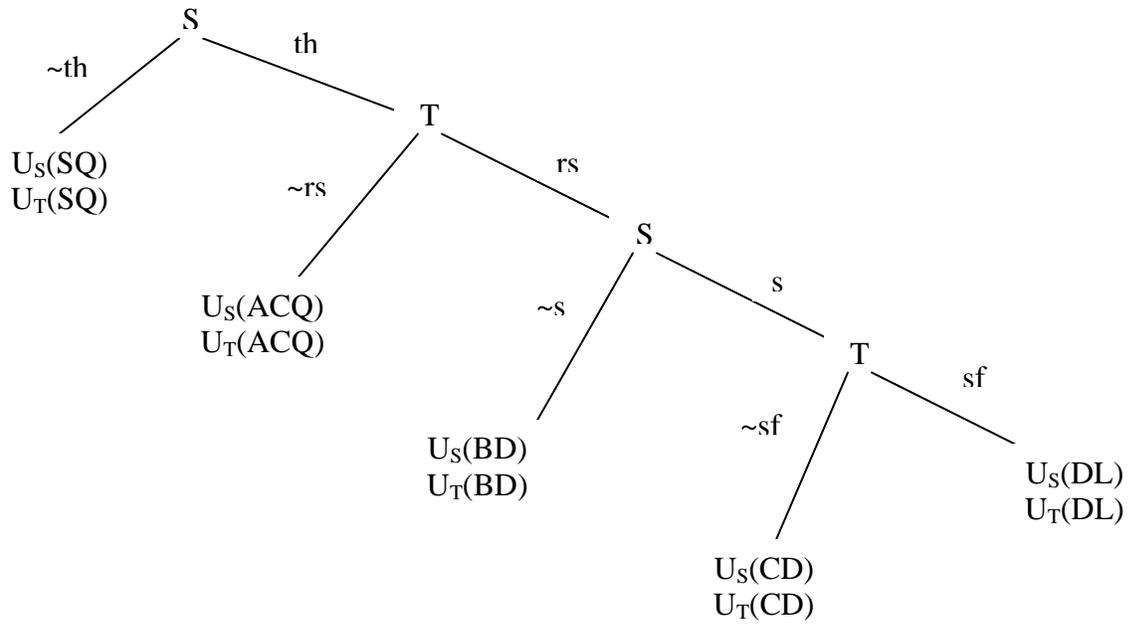


Figure A2: Extensive Sanction Game with Specific Payoffs

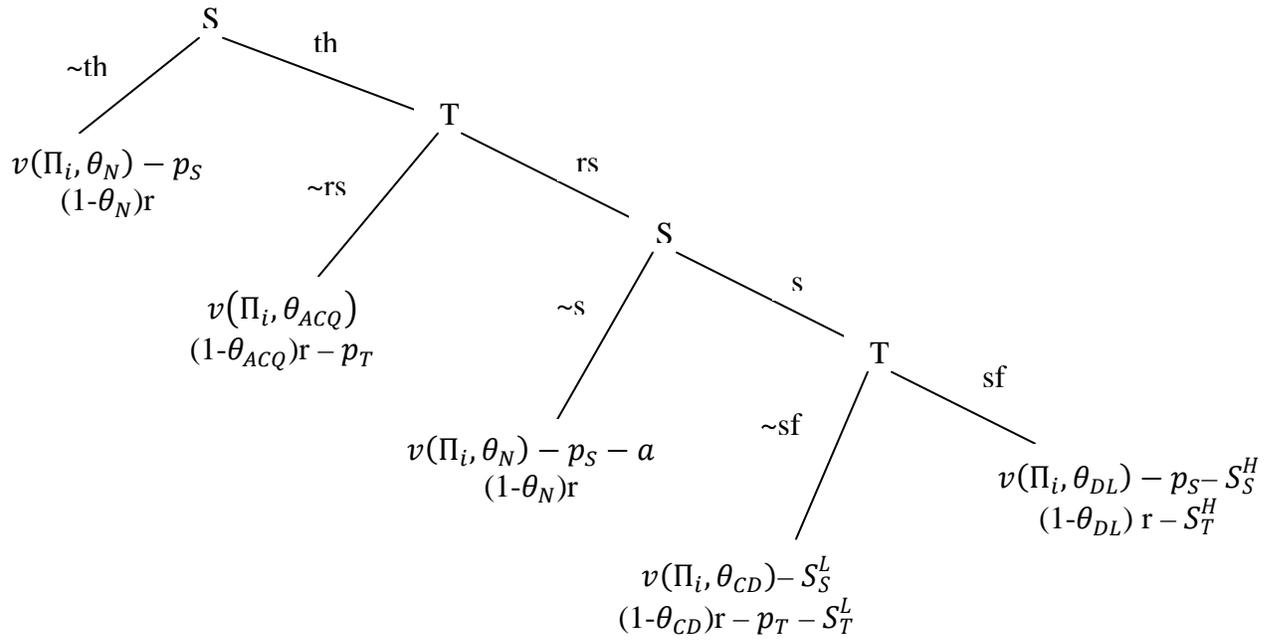
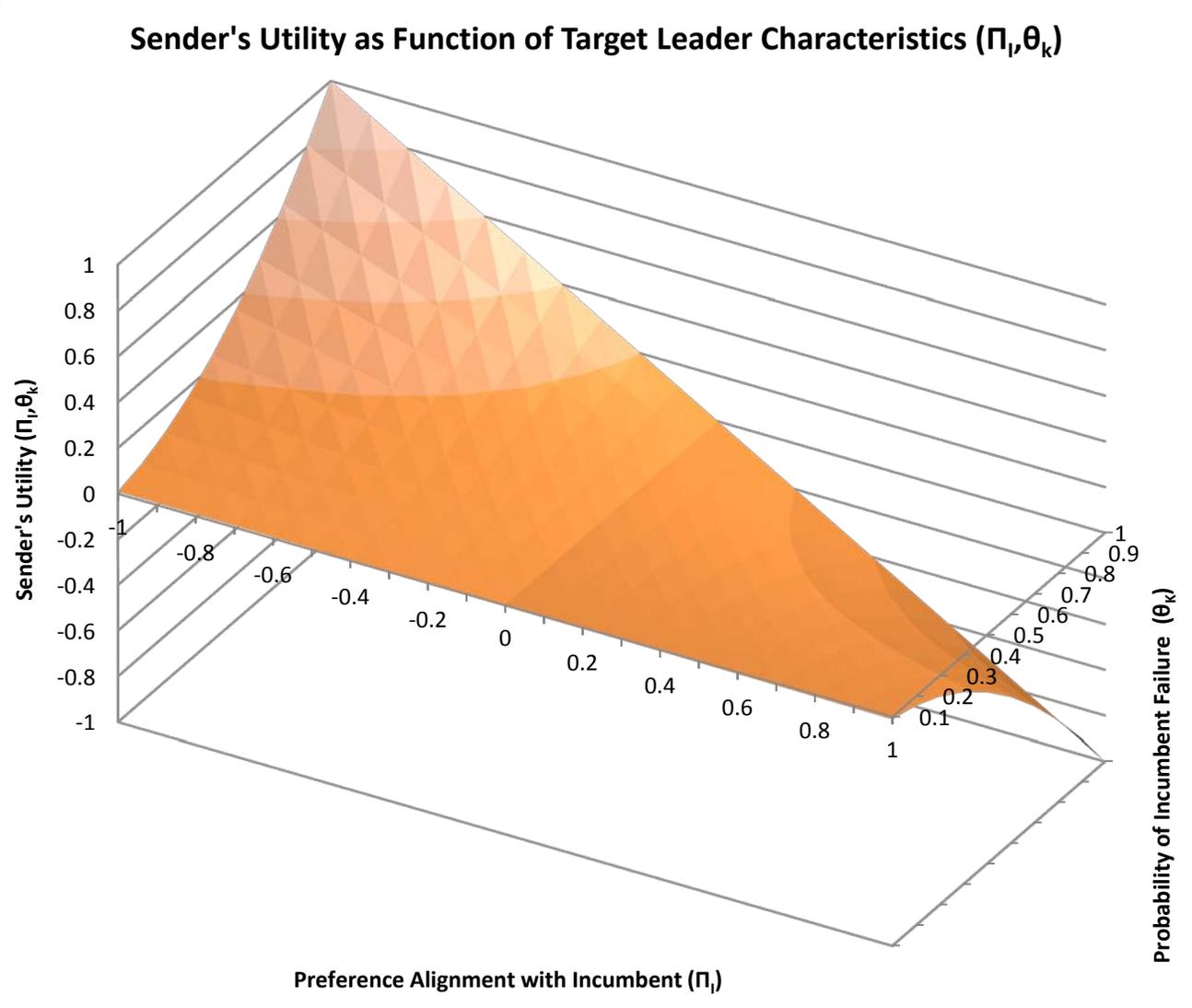


Figure A3: Utility Function when $v(\Pi_i, \theta_k) = (\Pi_C - \Pi_I) (\theta_k^2)$ and $\Pi_C = 0$



POLITICAL RELATIONS, LEADER STABILITY, AND ECONOMIC COERCION

ONLINE APPENDIX B: EMPIRICAL ANALYSIS

The appendix to the empirical section of “Political Relations, Leader Stability, and Economic Coercion” describes our data and variables and includes results from the model of target leader failure (i.e., the first stage of our analysis), as well as a number of robustness checks for the models of sanction threat and imposition (i.e., the second stage of the analysis). Our robustness checks show that:

- the results are robust to inclusion of additional economic and political variables
- the results remain unaffected when we use alternative approaches to modeling temporal dynamics
- the results are robust to estimation with lagged s-scores and with co-senders included in the analysis
- the results from the threat stage do not change if we estimate the model using rare events logit on the full sample
- the results are robust to using alternative affinity measures (alliance similarity vs. UN voting similarity) and to using lagged affinity measures.
- the results hold when splitting the sample into cases of friends, enemies and neutral dyads.

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Table B13: Sanction Models with Lagged UN Voting S-score; All Three Samples

Table B14: Sanction Models with UN Voting S-score; Split Samples

First Stage Data and Variables

The rationale for including most of the variables in the first stage model is that existing studies identify two crucial factors for leader survival: economic conditions and whether or not the nation is involved in a costly conflict. Time dependence is captured in logged tenure and cubic splines for years without failure. Tenure is interacted with a *Democracy* dummy (Polity score > 6) because previous research has found that the autocrat's hazard decreases through time while the democratic leader's increases.¹

For the coding of *Ongoing Imposed Sanction*, we use the Threat and Imposition of Economic Sanctions (TIES) dataset (Morgan, Bapat and Kobayashi 2014).² *Ongoing Imposed Sanction* takes the value of one if the target experienced ongoing sanctions, and zero otherwise. The *Militarized Dispute* variable is constructed in a similar fashion: it equals one if the *Militarized Interstate Dispute* dataset (Ghosn, Palmer and Bremer 2004) indicates that the target country was involved in a dispute during that year. Measures of *Logged GDP per Capita*, *Logged Population* and *GDP Growth* were constructed using data from the Penn World Tables.³ *Leader's Age*, *Previous Times in Office* (a count of the number of previous times in office), and *Irregular Means of Entry* were taken from the Archigos dataset.⁴ *Irregular Means of Entry* is a binary variable, which takes the value of one if the leader gained political office through non-legitimate means (such as coup or imposition by a foreign state) and zero if the leader gained office through a legitimate process (line of succession, election, etc.). Finally, the variable *Civil War* indicates whether the target country experienced a civil war in that year. We used the UCDP/PRIO Armed Conflict Dataset 1945-2012 to determine whether intrastate conflict took place in the target nation.⁵ Table B1 presents summary statistics of all these variables.

¹ Source: Polity IV Dataset (Marshall, Gurr and Jaggers 2013).

² In this way, our model deviates from Marinov's analysis as he used the Hufbauer, Schott and Elliot (1990) dataset for his analysis. At the time of his paper's publication, the TIES dataset did not exist. However, the TIES dataset is much richer as it contains a far greater number of cases, particularly more low-profile sanctions. Thus, our model is a much stronger test of whether sanctions destabilize because it does not just consider highly salient sanction cases.

³ For the measure of GDP, we used Total Purchased Power Parity Converted GDP, at current prices, using the Geary-Khamis Method and International Dollars.

⁴ The Archigos dataset has instances where there are multiple leaders in a year. When this occurred, we used the values for the leader in office when the year began.

⁵ The PRIO dataset include cases of war where one side is a government actor and there are at least 25 battle deaths. The dataset includes both external and internal wars, so we only included internal wars and used the location variable to ascertain whether the war was taking place within the country. The PRIO dataset was used over the COW Intrastate dataset for precisely this reason. The PRIO dataset specifically states where the war took place, while COW only identifies the region (e.g. Asia).

Table B1: Summary Statistics for Variables in First Stage Models

Variable	Mean/Mode	Std. Dev.	Min	Max
Predicted Failure	0.15	0.16	0.00007	0.998
Alliance Similarity	0.75	0.19	-0.19	1
UN Voting Similarity	0.64	0.31	-1	1
Sender Democracy	0	0.47	0	1
Target Democracy	0	0.47	0	1
Logged Sender GDP	16.35	2.19	9.53	23.18
Logged Target GDP	16.35	2.19	9.53	23.18
Logged Joint GDP	17.73	1.81	11.28	23.68
Logged Dyadic Trade	-1.31	4.72	-6.91	13.10
Sender's Trade Dependence	0.008	0.04	0	1
Target's Trade Dependence	0.008	0.04	0	1
Logged Distance	7.90	2.83	-11.51	9.42
Logged Capability Ratio	-0.02	3.24	-11.51	12.12
Sender Trade Openness	4.04	14.68	0	316.61
Target Trade Openness	4.04	14.68	0	316.61
MID Initiation	0	0.04	0	1
Allies	0	0.26	0	1
Rivals	0	0.08	0	1
Cold War	1	0.50	0	1
Peace Years	20.1	14.85	0	60

Second Stage Data and Variables

We construct a list of control variables for the threat model by reviewing factors that can influence the probability that any two states would enter into a dispute in the first place. States are more likely to have a dispute when they have more interactions. The logic is straightforward: frequent interactions are likely to create reasons and opportunities for conflict, and hence, the likelihood of disputes increases. Interactions depend on geographical proximity, so states that are closer together geographically should be more likely to have a dispute. The variable *Logged Distance*, which is the logged distance (in miles) between the two states' capitals (Bennett and Stam 2000), controls for the influence of proximity.

According to our theoretical model, sanction threats should be more prevalent when they are most likely to work. This usually means that the sender state can impose greater costs because the target is more dependent on its trade relationship with the sender. To capture this economic leverage, we code the variable *Target's Trade Dependence*, which is the total annual amount of trade between the sender and target divided by the target's total monadic trade in that year. Both measures of dyadic and monadic trade were taken from the *Correlates of War International Trade*

Dataset (Barbieri, Keshk and Pollins 2009).⁶ At the same time, senders should be less inclined to initiate sanction episodes that will be more damaging to their own economies; therefore, we also include *Sender's Trade Dependence*, which is the total annual amount of sender-target trade divided by the sender's total monadic trade in that year.

Wealthier senders should be more likely to enter a dispute for several reasons. They are more likely to have diversified trade portfolios giving these states more opportunities to come into conflict with others over trade issues.⁷ The monitoring and enforcement of sanctions can be quite costly, which should prevent poorer states from initiating sanction episodes. Furthermore, wealthier states are more able to give economic aid that they can cut if they enter a dispute with a recipient of such assistance. Due to these considerations, we include *Logged Sender GDP* (again from the Penn World Tables) into the model. We also include *Target's Trade Openness* and *Sender's Trade Openness*, where we take the monadic trade value and divide it by the state's GDP. These variables are meant to capture any remaining effect of the propensity to trade on the probability of entering a sanction episode.⁸

Existing sanctions research suggests that democracies are more likely to be targeted because they should find it more difficult to resist after sanction imposition and, hence, should be more willing to concede to senders' demands. This unwillingness to resist is due to public pressure arising from the costs of sanctions; this pressure makes democratic governments less capable of withstanding the economic turmoil associated with sanctions (Allen 2008a, b). The variable *Target Democracy* is coded as 1 if the target state has a Polity IV score of 7 or greater, and 0 otherwise. The threat model includes a control for *Sender Democracy* to account for effects that differences in senders' regime types may have on the propensity to resort to sanctions. In addition, senders often use sanctions in concert with military action; therefore, to control for this effect, we include a variable that indicates whether a dyad experienced the onset of a militarized interstate dispute in a

⁶ This dataset appears to have some coding errors because for approximately 200 observations dyadic trade values exceed monadic values. Since this is obviously a mistake, we replaced the monadic values for these observations with the sum of all dyadic values.

⁷ A similar argument can be made for a greater propensity of wealthier states to become targets of sanctions. Moreover, the joint wealth of states is a key variable in the gravity model of trade, so wealthier states should be more likely to trade and thus more likely to use trade links as bargaining leverage. Robustness checks with *Target GDP* and *Joint GDP* show that the inclusion of these variables does not influence our main results. These models are included in this Appendix below.

⁸ We also ran models, which included dyadic trade levels. Our main results remain robust to this modification. We report this model in this Appendix below.

given year. Finally, we take into account time effects by employing a count of years without a sanction episode, as well as natural cubic splines (Beck, Katz and Tucker 2008).⁹

The sanction model includes several of the control variables from the threat models, but we drop all variables that measure the level of economic and trade activity (*Logged Sender GDP*, *Sender Trade Openness* and *Target's Trade Openness*) because these variables were included in the threat stage to capture the general propensity to get into a dispute. After we have accounted for these determinants of sanction episode initiation, they are no longer necessary. However, the potential costs and success of sanctions become even more vital for the decision to implement sanctions; therefore, we retain the trade share variables and target democracy. Moreover, democratic senders may find it harder to back down due to audience costs, so the sender democracy dummy is in this model as well. Monitoring and enforcement of imposed sanctions become more costly with distance; consequently, logged distance remains in the model to capture any effects of geographical proximity on the sanction decision. Finally, we add a new regressor—*Logged Capability Ratio*—to account for the effect that military balance may have on the sender's decision to sanction. This variable is the ratio of the sender's CINC score to that of the target; thus, higher values indicate that the military balance increasingly favors the sender.¹⁰ Finally, since the sanction model only considers cases, in which there has been a prior threat, the resulting sample is based on cross-section data and, hence, we do not include splines or peace years to capture temporal dependence. Table B2 presents summary statistics of all variables.

⁹ Results are robust to inclusion of other time variables including Cold War dummy, time trend and modeling technique suggested by Carter and Signorino (2010). Results are provided in this Appendix below.

¹⁰ The data are from EUGene, version 3.204.

Table B2: Summary Statistics for Variables in Second Stage Models

Variable	Mean/Mode	Std. Dev.	Min	Max
Predicted Failure	0.15	0.16	0.00007	0.998
UN Voting Similarity	0.64	0.31	-1	1
Sender Democracy	0	0.47	0	1
Target Democracy	0	0.47	0	1
Logged Sender GDP	16.35	2.19	9.53	23.18
Sender's Trade Dependence	0.008	0.04	0	1
Target's Trade Dependence	0.008	0.04	0	1
Logged Distance	7.90	2.83	-11.51	9.42
Logged Capability Ratio	-0.02	3.24	-11.51	12.12
Sender Trade Openness	4.04	14.68	0	316.61
Target Trade Openness	4.04	14.68	0	316.61
MID Initiation	0	0.04	0	1
Allies	0	0.26	0	1
Rivals	0	0.08	0	1
Political Episode	0	0.03	0	1
Cold War	1	0.50	0	1
Peace Years	20.1	14.85	0	60

Table B3: Breakdown of Sanction Episode Occurrences

Variable	Occurrences	Percent of Full Sample
Threat	1,154	0.09
Sanction	706	0.07
Ongoing Threat	1,353	0.11
Ongoing Sanction	2,183	0.17
Ongoing Sanction Episode	3,027	0.24

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Table B4: Results for Logit Model of Target Leader Failure

Leader Failure	
Ongoing Sanction	0.22** (0.10)
Militarized Dispute	-0.15* (0.09)
Logged GDP per Capita	0.04 (0.04)
Logged Population	0.05* (0.03)
GDP Growth	-1.19** (0.49)
Civil War	0.55** (0.14)
Democracy	-1.14 (0.70)
Leader's Age	-0.00 (0.00)
Logged Leader Tenure	-2.19** (0.11)
Democracy*Logged Tenure	0.29** (0.10)
Previous Times in Office	0.13 (0.08)
Irregular Means of Entry	0.24** (0.11)
Cubic Spline 1	-0.17** (0.01)
Cubic Spline 2	0.09** (0.01)
Cubic Spline 3	-0.03** (0.00)
Constant	11.33** (0.81)
Observations	6138
Log likelihood	-2041.54
Proportional Reduction in Error	17.70%

Standard errors in parentheses

* p<0.10, ** p<0.05

Table B5: Threat Models with Additional Economic/Political Variables

Threat	Politically Relevant	Politically Relevant	Politically Relevant	Politically Relevant
Predicted Leader Failure	1.39** (0.57)	1.30** (0.52)	1.42** (0.48)	1.21** (0.57)
S-Score	-1.75** (0.26)	-1.37** (0.27)	-0.89** (0.25)	-1.42** (0.28)
S-Score*Predicted Leader Failure	-2.05** (0.82)	-1.77** (0.77)	-1.72** (0.72)	-1.79** (0.85)
Democratic Sender	0.01 (0.12)	0.37** (0.12)	1.03** (0.11)	0.12 (0.12)
Democratic Target	0.26** (0.12)	0.03 (0.12)	0.13 (0.11)	0.00 (0.12)
Logged Sender GDP	0.61** (0.04)	0.56** (0.03)		0.43** (0.03)
Logged Target GDP		0.31** (0.03)		
Logged Joint GDP			0.68** (0.04)	
Target's Trade Dependence	0.98** (0.25)	2.43** (0.21)	2.49** (0.21)	
Sender's Trade Dependence	2.50** (0.41)	1.29** (0.50)	0.87** (0.44)	
Logged Dyadic Trade				0.32** (0.04)
Sender's Trade Openness	0.01** (0.00)	-0.00 (0.02)	-0.03 (0.03)	-0.03 (0.03)
Target's Trade Openness	-0.00 (0.01)	0.01 (0.01)	0.01 (0.01)	-0.06** (0.03)
Logged Distance	-0.01 (0.01)	-0.02** (0.01)	-0.03** (0.01)	-0.03** (0.01)
MID Initiation	0.73** (0.26)	1.25** (0.25)	1.33** (0.25)	1.57** (0.22)
Alliance	1.19** (0.13)			
Rivals	0.73** (0.16)			
Peace Years	-0.02** (0.01)	-0.03** (0.01)	-0.03** (0.01)	-0.02** (0.01)
Cubic Spline 1	0.00** (0.00)	0.00** (0.00)	0.00** (0.00)	0.00** (0.00)
Cubic Spline 2	-0.00** (0.00)	-0.00** (0.00)	-0.00** (0.00)	-0.00** (0.00)
Cubic Spline 3	0.00** (0.00)	0.00* (0.00)	0.00** (0.00)	0.00* (0.00)
Constant	-15.47** (0.79)	-20.15** (1.05)	-18.00** (0.98)	-12.85** (0.61)
Observations	67984	69009	67984	69009
Log likelihood	-2611.05	-2589.23	-2749.32	-2622.71
Wald chi2	1833.82	2054.84	1660.65	1635.84

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B6: Threat Models with Alternative Approaches to Modeling Time Dynamics

	Politically Relevant	Politically Relevant	Politically Relevant
Threat			
Predicted Leader Failure	1.41** (0.56)	1.42** (0.57)	1.37** (0.57)
S-Score	-1.20** (0.27)	-1.06** (0.28)	-1.23** (0.26)
S-Score*Predicted Leader Failure	-1.92** (0.77)	-1.95** (0.79)	-1.95** (0.81)
Democratic Sender	0.21* (0.12)	0.18 (0.11)	0.22* (0.12)
Democratic Target	0.49** (0.11)	0.50** (0.11)	0.51** (0.11)
Logged Sender GDP	0.59** (0.04)	0.63** (0.05)	0.55** (0.03)
Target's Trade Dependence	2.03** (0.22)	1.90** (0.24)	1.95** (0.22)
Sender's Trade Dependence	3.28** (0.40)	3.32** (0.41)	3.44** (0.37)
Sender's Trade Openness	0.01 (0.01)	0.01* (0.01)	0.01 (0.01)
Target's Trade Openness	-0.01 (0.01)	-0.01 (0.01)	-0.00 (0.01)
Logged Distance	-0.02* (0.01)	-0.02* (0.01)	-0.01 (0.01)
MID Initiation	1.29** (0.24)	1.28** (0.24)	1.21** (0.24)
Cold War	-0.11 (0.11)		
Time Trend		-0.00 (0.01)	
Peace Years	-0.01* (0.01)	-0.01* (0.01)	-0.18** (0.02)
Peace Years^2			0.01** (0.00)
Peace Years^3			-0.00** (0.00)
Cubic Spline 1	0.00** (0.00)	0.00** (0.00)	
Cubic Spline 2	-0.00** (0.00)	-0.00** (0.00)	
Cubic Spline 3	0.00** (0.00)	0.00** (0.00)	
Constant	-15.30** (0.93)	-8.75 (9.78)	-14.23** (0.76)
Observations	67984	67984	67984
Log likelihood	-2677.20	-2677.47	-2667.17
Wald chi2	1692.86	1685.08	1752.03

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B7: Threat Models with Lagged S-score, Rare Events Logit and Co-Senders

Threat	Lagged Model	Rare Events Logit	With Co-Senders
Predicted Leader Failure	1.30** (0.64)	1.46** (0.56)	0.81 (0.49)
S-Score	-1.21** (0.22)	-1.14** (0.25)	-1.32** (0.20)
S-Score*Predicted Leader Failure	-1.71* (0.96)	-1.94** (0.78)	-0.64 (0.72)
Democratic Sender	0.21* (0.11)	0.18 (0.11)	0.24** (0.10)
Democratic Target	0.48** (0.09)	0.49** (0.11)	0.36** (0.09)
Logged Sender GDP	0.61** (0.03)	0.61** (0.03)	0.38** (0.02)
Target's Trade Dependence	1.94** (0.20)	1.99** (0.21)	1.95** (0.19)
Sender's Trade Dependence	3.25** (0.33)	3.31** (0.39)	2.69** (0.31)
Sender's Trade Openness	0.01 (0.01)	0.01** (0.01)	0.01** (0.00)
Target's Trade Openness	-0.01 (0.01)	-0.00 (0.01)	-0.00 (0.01)
Logged Distance	-0.02** (0.01)	-0.02* (0.01)	-0.00 (0.01)
Peace Years	-0.01* (0.01)	-0.01* (0.01)	-0.16** (0.02)
MID Initiation	1.31** (0.25)	1.30** (0.23)	1.05** (0.33)
Cubic Spline 1	0.00** (0.00)	0.00** (0.00)	-0.00 (0.00)
Cubic Spline 2	-0.00** (0.00)	-0.00** (0.00)	-0.00 (0.00)
Cubic Spline 3	0.00** (0.00)	0.00** (0.00)	0.00 (0.00)
Constant	-15.72** (0.76)	-15.72** (0.78)	-10.24** (0.50)
Observations	70249	67984	67984
Log likelihood	-2806.62		-3652.04
Wald chi2	2289.14		1701.95

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B8: Sanction Models with Additional Political Variables and Co-Senders

	All Primary Senders	All Primary Senders	With Co-Senders
Sanction			
Predicted Leader Failure	1.28** (0.49)	0.85 (0.52)	1.25** (0.40)
S-Score	1.27** (0.25)	1.29** (0.24)	0.82** (0.18)
S-Score*Predicted Leader Failure	-3.00** (0.90)	-2.50** (0.94)	-1.94** (0.72)
Democratic Sender	0.25 (0.23)	0.52** (0.24)	0.20 (0.17)
Democratic Target	-0.42** (0.18)	-0.17 (0.19)	-0.30** (0.13)
Target's Trade Dependence	-0.04 (0.51)	0.19 (0.51)	-0.27 (0.40)
Sender's Trade Dependence	1.15 (0.79)	1.23 (0.81)	0.82 (0.66)
Logged Capability Ratio	-0.13** (0.04)	-0.22** (0.04)	-0.08** (0.03)
Logged Distance	-0.01 (0.02)	-0.01 (0.02)	-0.02 (0.01)
Allies	-0.01 (0.18)		
Rivals	0.19 (0.24)		
Political Issue		1.59** (0.17)	
Constant	0.01 (0.25)	-0.57** (0.26)	-0.04 (0.21)
Observations	922	922	1408
Log likelihood	-603.28	-559.37	-948.35
Wald chi2	70.21	146.49	57.46
Proportional Reduction in Error	13.77%	29.57%	9.62%

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Note: The *Political Issue* variable indicates the dispute is not trade-related.

Table B9: Sanction Models with Alternative Approaches to Modeling Time Dynamics

	All Primary Senders	All Primary Senders
Sanction		
Predicted Leader Failure	1.20** (0.50)	1.27** (0.50)
S-Score	1.38** (0.24)	1.30** (0.23)
S-Score*Predicted Leader Failure	-3.00** (0.91)	-2.99** (0.89)
Democratic Sender	0.04 (0.24)	0.16 (0.24)
Democratic Target	-0.52** (0.18)	-0.48** (0.17)
Target's Trade Dependence	0.16 (0.42)	0.04 (0.42)
Sender's Trade Dependence	1.17 (0.77)	1.13 (0.77)
Logged Capability Ratio	-0.13** (0.04)	-0.13** (0.04)
Logged Distance	-0.00 (0.02)	-0.01 (0.02)
Cold War	-0.57** (0.16)	
Time Trend		0.01 (0.01)
Constant	0.46 (0.29)	-15.31 (10.99)
Observations	922	922
Log likelihood	-596.00	-602.54
Wald chi2	84.77	71.67
Proportional Reduction in Error	14.90%	13.09%

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B10: Sanction Models with Alliance Similarity S-score; All Three Samples

	Full Sample	Trading Dyads	Politically Relevant
Sanction			
Predicted Leader Failure	3.31** (1.34)	2.95** (1.33)	3.34** (1.45)
S-Score	2.01** (0.47)	1.66** (0.49)	2.34** (0.54)
S-Score*Predicted Leader Failure	-4.22** (1.86)	-3.63* (1.88)	-4.40** (2.17)
Democratic Target	-0.24 (0.18)	-0.19 (0.18)	-0.36* (0.22)
Democratic Sender	0.24 (0.24)	0.35 (0.25)	-0.12 (0.29)
Logged Distance	-0.00 (0.02)	-0.04* (0.02)	0.01 (0.02)
Logged Capability Ratio	-0.04 (0.04)	-0.06 (0.04)	-0.02 (0.04)
Target's Trade Dependence	-1.06** (0.47)	-1.51** (0.50)	-0.86* (0.50)
Sender's Trade Dependence	0.69 (0.71)	-0.17 (0.75)	1.19 (0.74)
Constant	-0.97** (0.38)	-0.51 (0.42)	-0.97** (0.42)
Observations	903	875	729
Log likelihood	-600.90	-579.42	-485.10
Wald chi2	33.05	36.28	31.20
Proportional Reduction in Error	13.69%	12.82%	13.54%

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B11: Sanction Models with Lagged Alliance Similarity S-score; All Three Samples

	Full sample	Trading dyads	Politically relevant dyads
Sanction			
Predicted Leader Failure	2.17* (1.23)	1.92 (1.23)	2.17* (1.27)
S-Score Lag	1.54** (0.45)	1.25** (0.46)	1.83** (0.49)
S-Score*Predicted Leader Failure	-2.57 (1.75)	-2.18 (1.78)	-2.69 (1.90)
Democratic Sender	0.24 (0.23)	0.35 (0.24)	-0.06 (0.28)
Democratic Target	-0.22 (0.18)	-0.18 (0.18)	-0.33 (0.20)
Target's Trade Dependence	-0.84* (0.44)	-1.25** (0.48)	-0.65 (0.47)
Sender's Trade Dependence	0.53 (0.72)	-0.25 (0.74)	1.07 (0.75)
Logged Capability Ratio	-0.07* (0.04)	-0.08** (0.04)	-0.04 (0.04)
Logged Distance	-0.01 (0.02)	-0.03* (0.02)	0.00 (0.02)
Constant	-0.68* (0.37)	-0.28 (0.40)	-0.72* (0.40)
Observations	949	918	773
Log likelihood	-636.53	-612.66	-518.69
Wald chi2	29.52	33.91	29.68
Proportional Reduction in Error	13.21%	13.13%	12.50%

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B12: Sanction Models with UN Voting S-score; All Three Samples

	Full sample	Trading dyads	Politically relevant dyads
Sanction			
Predicted Leader Failure	1.27** (0.49)	1.28** (0.49)	1.21** (0.54)
S-Score	1.24** (0.23)	1.14** (0.24)	1.32** (0.27)
S-Score*Predicted Leader Failure	-2.98** (0.89)	-2.88** (0.89)	-3.39** (1.04)
Democratic Sender	0.24 (0.24)	0.32 (0.24)	-0.07 (0.30)
Democratic Target	-0.44** (0.17)	-0.41** (0.17)	-0.57** (0.18)
Target's Trade Dependence	-0.05 (0.43)	-0.36 (0.47)	0.12 (0.45)
Sender's Trade Dependence	1.11 (0.77)	0.59 (0.79)	1.47* (0.77)
Logged Capability Ratio	-0.13** (0.04)	-0.14** (0.03)	-0.11** (0.04)
Logged Distance	-0.01 (0.02)	-0.03 (0.02)	-0.00 (0.02)
Constant	0.07 (0.26)	0.22 (0.27)	0.28 (0.29)
Observations	922	905	768
Log likelihood	-603.61	-591.21	-502.02
Wald chi2	66.37	65.40	52.67
Proportional Reduction in Error	14.22%	14.62%	16.19%

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B13: Sanction Models with Lagged UN Voting S-score; All Three Samples

	Full Sample	Trading dyads	Politically relevant dyads
Sanction			
Predicted Leader Failure	1.24** (0.50)	1.27** (0.51)	1.23** (0.54)
S-Score Lag	1.11** (0.24)	1.03** (0.25)	1.15** (0.28)
S-Score*Predicted Leader Failure	-2.54** (0.92)	-2.48** (0.92)	-2.94** (1.06)
Democratic Sender	0.25 (0.24)	0.33 (0.24)	-0.06 (0.30)
Democratic Target	-0.45** (0.17)	-0.42** (0.17)	-0.58** (0.18)
Target's Trade Dependence	-0.15 (0.43)	-0.42 (0.46)	0.03 (0.45)
Sender's Trade Dependence	0.99 (0.78)	0.44 (0.79)	1.33* (0.78)
Logged Capability Ratio	-0.13** (0.04)	-0.14** (0.03)	-0.11** (0.04)
Logged Distance	-0.01 (0.02)	-0.03* (0.02)	-0.01 (0.02)
Constant	0.12 (0.26)	0.25 (0.27)	0.31 (0.29)
Observations	915	901	763
Log likelihood	-602.41	-590.88	-502.17
Wald chi2	58.39	60.04	45.10
Proportional Reduction in Error	12.56%	14.92%	15.49%

Bootstrapped standard errors in parentheses

* p<0.10, ** p<0.05

Table B14: Sanction Models with UN Voting S-score; Split Samples

	Enemies (S-Score<0.1)	Neutrals (0.1<S-Score<0.7)	Friends (S-Score>0.7)
Sanction			
Predicted Leader Failure	2.01** (0.71)	0.74 (0.68)	-2.84** (1.42)
Democratic Sender	0.04 (0.43)	0.20 (0.31)	2.06** (0.68)
Democratic Target	-0.54** (0.25)	-0.19 (0.25)	-1.41** (0.68)
Target's Trade Dependence	1.07* (0.60)	-1.49 (0.93)	-2.46 (3.10)
Sender's Trade Dependence	2.89** (1.27)	0.77 (1.73)	-14.45** (5.37)
Logged Capability Ratio	-0.16** (0.06)	0.04 (0.06)	-0.76** (0.18)
Logged Distance	0.03 (0.03)	-0.02 (0.03)	-0.11** (0.04)
Constant	-0.52 (0.44)	0.27 (0.35)	2.65** (0.61)
Observations	415	358	149
Log likelihood	-265.84	-243.21	-69.29
Wald chi2	36.84	3.94	55.38
Proportional Reduction in Error	8.29%	8.97%	33.96%

Standard errors in parentheses

*p<0.10, ** p<0.05

Note: The cut-offs were determined by Figure 4 in the manuscript.

POLITICAL RELATIONS, LEADER STABILITY, AND ECONOMIC COERCION

ONLINE APPENDIX C: CASE STUDIES

The appendix to the case studies section of “Political Relations, Leader Stability, and Economic Coercion” provides information for four additional case studies that could not be included in the main manuscript. The table below places all six case studies in quadrants of our theoretical two-by-two table. All but one of these case studies rely on primary sources, including declassified transcripts and audio recordings of White House discussions, diplomatic cables, and internal memoranda made available through the Miller Center, the National Security Archive, the presidential library and the *Foreign Relations of the United States* reference material. The manuscript reports the two U.S.-Chile cases marked with asterisks. These case studies (U.S.-Chile 1970-1973, U.S.-Chile 1973-1974) most closely mimic a natural experiment (as much as possible in a real-world setting) and thus provide the best case for causality. Between 1964 and 1974, the U.S. was involved in three sanction episodes with Chile under different leaders: Frei (1965), Allende (1970-71) and Pinochet (1974). As Figure C1 shows, the Chilean leadership oscillated between close alignment with the U.S. (Frei and Pinochet) to hostility under the Allende government. In fact, the affinity between the Frei-Johnson administrations (0.34) was similar to the affinity between Pinochet and Nixon (0.37): both are about a half standard deviation above the mean. However, in 1970, when Allende came into office, the s-score was about a half standard deviation below the mean (-0.06). At the same time, all three sanction episodes took place when the Chilean leadership was at its weakest (Figure C2): 19%, 20%, and 23% probability of failure for the Frei, Allende and Pinochet regimes, respectively.¹ Given similar levels of instability, temporal proximity, the same dyad, and the same sender government in the Allende and Pinochet cases (Nixon), the Allende and Pinochet cases are the closest we could get in the case study context to an experimental manipulation – and this is the reason for their selection.

¹ 1970 was used for s-score and 1971 for stability because Allende entered office at the end of 1970: this is a concern for stability level but not s-score since UNGA votes are mostly taken late in the calendar year.

Figure C1: UN Voting S-score for U.S.-Chile Dyad

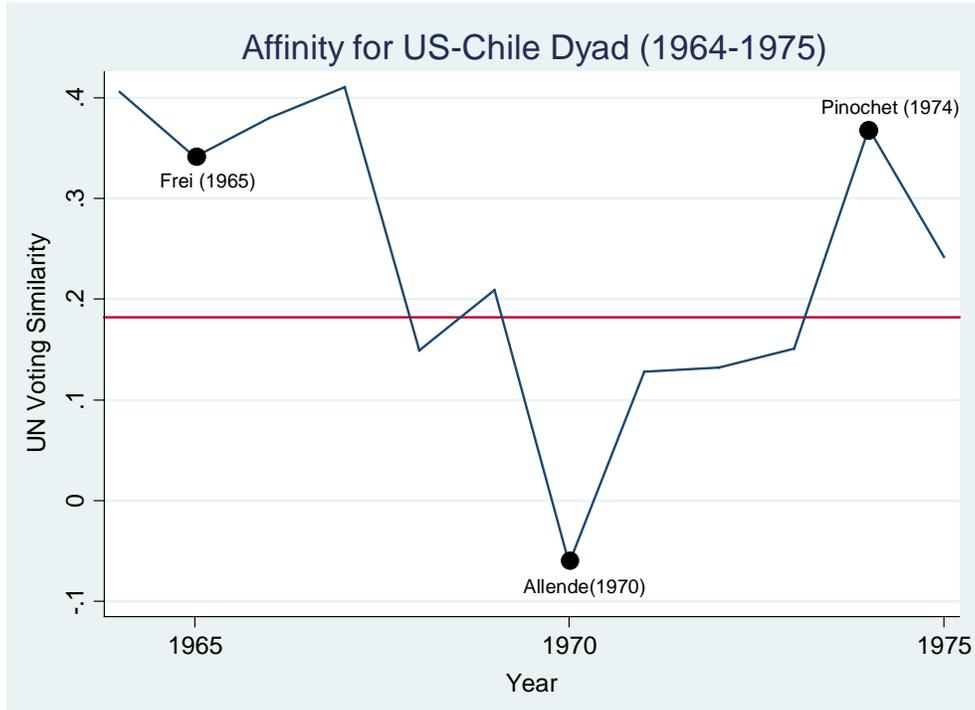


Figure C2: Chilean Leaders' Stability Levels (1964-1975)



Our qualitative research provides evidence of senders’ concern about destabilizing friends or taking on strong adversaries. As we show below, such concerns can be sufficient to prevented even sanction threats. Therefore, we include cases in which the status quo has prevailed.

Overview of Case Studies

	“Friends”	“Adversaries”
Stable	France-New Zealand [Sanction]	U.S.-Dominican Republic [Delayed Sanction until Unstable] U.S.-Haiti [No Threat]
Unstable	*U.S.-Chile 1974 [No Sanction] U.S.-Chile 1965 [No Threat]	*U.S.-Chile 1970-73 [Sanction]

US-Dominican Republic 1960-1961 (“Stable Adversary”)

Rafael Trujillo, the leader of the Dominican Republic from 1930 to 1961, was arguably the most brutal and vicious dictator in Latin American history. For the first three decades of his rule, the United States government believed that it was in its best interest to support the dictator. Although the United States was never enthusiastic about supporting such a repressive regime, it did so for strategic reasons: the need for stability in a geographically proximate state, the presence of a guided missile tracking station on the island, Trujillo’s usual support in key international organizations (most notable was the Organization of American States) and his staunch assurances that his regime would be anti-communist (*FRUS* Document 305; Hall 2000; Slater 1964, 269). However, the seeds for US discontent were beginning to be planted during President Eisenhower’s second term. Three key changes led to the softening of support.

First, the United States became more uncomfortable with Trujillo’s killings of dissidents (*FRUS* Document 305), particularly after the mysterious and high-profile disappearance of Trujillo opponent Jesus Galindez (*FRUS* Document 305, Hall 2000).

Second, two events in 1959 changed the anti-Communist strategy in the Eisenhower administration: the Cuban revolution and the Betancourt election. The Cuban revolution showed that the propping up of dictators did not always prevent Communist states, but could actually supply Latin Americans with grievances against the United States and provided the breeding ground for socialist revolutions (Hall 2000; Schreiber 1974; Slater 1965). At the same time, the new Betancourt government in Venezuela was seen as evidence that democratic Latin American nations could safely remain anti-Communist and that dictatorship was not necessary to ensure stability. Learning from its mistakes, the Eisenhower administration changed its tactics from stabilizing Trujillo to trying to clandestinely bring about his downfall. As Anna Schreiber (1973, 406) writes,

They [US officials] feared that the continuing existence of the Trujillo dictatorship would sooner or later lead its opponents to turn to violent revolution. To avoid this, U.S. policy makers hoped to bring about a peaceful change in Trujillo's government, leading to a more democratic regime. Economic coercion was one of several tools used by the U.S. in an attempt to achieve these goals.

Third, Trujillo was only valuable as long as he remained stable, but starting in 1959, he finally appeared vulnerable for the first time (Hall 2000; Slater 1964). A foiled assassination plot in early 1959, along with the growing emergence of a domestic opposition and economic and budget woes, made the administration feel that “the dictator's days [were] numbered” (Slater 1964, 271-272). State Department documents indicated that US officials were “increasingly concerned that the Trujillo regime was about to fall” as intelligence reports suggested a regime that was “weakening rapidly.” However, despite Trujillo's uncharacteristic weakness, the Eisenhower administration had two concerns. The first was that “Trujillo had so stifled moderate opposition that most dissident groups were either Communist or Communist-infiltrated.” As a result, the administration faced a dilemma: “how to ease Trujillo out of power without allowing pro-Fidel Castro/anti-American elements to take over.” The second was that even though Trujillo was the weakest he had ever been, Trujillo had been so successful in consolidating his power that, as a US diplomat eloquently put it, Trujillo could be “the dogcatcher” and “there would [still] be no chance for opposition.” Thus, until 1960, the

Eisenhower administration decided to retain a “cold relationship,” but did little to remove the Trujillo regime (*FRUS* Document 305).

The tipping point was the revelation that Trujillo was personally involved in the assassination attempt on Venezuelan president Rómulo Betancourt in 1960. At that time, President Eisenhower was working hard to economically isolate the regime he considered the biggest threat to the United States in the region: Fidel Castro’s Cuba. Yet, persuading other nations to impose hemispheric-wide economic sanctions on Cuba needed the support of the bloc of liberal Latin American nations, which was headed by Mr. Betancourt. As a result, the Cuba and Dominican Republic issues were inextricably linked. To make matters worse, the United States Congress had set up an embargo on Cuban sugar through revision of the 1948 Sugar Act. At the time, sugar was imported on a quota system so Cuba’s share had to be doled out to other nations. Naturally, Dominican Republic, nicknamed the “sugar island,” was a prime candidate to replace Cuban sugar. The Dominican Republic was in line for a windfall of 321,857 additional tons of sugar imports, valued at near \$30 million, and since Trujillo personally owned 60% of the Dominican sugar fields, most of this money would wind up in Trujillo’s pockets (Hall 2000, 97). President Eisenhower was faced with a dilemma where he couldn’t convince other Latin American nations to move against Castro based on his dictatorial practices while at the same time greatly enriching another dictator right next door.

Stopping this windfall would be a difficult task for Eisenhower. The re-allotment of Cuban sugar was determined by Congress, and Eisenhower didn’t have the authority to reduce or remove particular quotas. Getting Congress to go along was impossible because Trujillo had given substantial bribes to Southern, Democratic Congressman who headed many of the agricultural committees. At a meeting with the National Security Council on July 25, 1960, President Eisenhower told advisors that

It [is] very necessary to settle the Trujillo situation because it appears to be impossible to shake the belief of Latin America that the Trujillo situation is more serious than the Castro situation. Until Trujillo is eliminated, we cannot get our Latin American friends to reach a proper level of indignation in dealing with Castro (*FRUS* Document 565).

Eisenhower wanted to destabilize Trujillo through the removal of his sugar windfall but Secretary of State Herter stated that legally Eisenhower didn't have the power, to which Eisenhower responded that he would risk impeachment so that Trujillo didn't get the sugar. However, Eisenhower knew that "Dominican Republic bribes are coming into this country in an effort to influence this government" and there was little he could do to sway these influential Congressmen (*FRUS* Document 565). On September 26th, Eisenhower eventually decided to let the 1960 quota system go through, and tried to partially reduce this windfall by imposing a 2¢ a pound import duty on Dominican sugar, an act that historian Michael Hall (2000, 111) states was meant to be "a vehicle of economic coercion to push Trujillo out of power."

When President Kennedy entered office in 1961, one of his first tasks was to reexamine relations with Latin American countries. Kennedy agreed with his predecessors that the communist regimes in Latin America (particularly Castro's) were threats to American foreign policy interests but he differed in one regard. He believed that preventing these regimes was best accomplished by building economic and political institutions in order to stabilize liberal, democratic regimes. Feeling that Eisenhower was too lenient on Latin American dictators and that the sugar tax was not tough enough on Trujillo, he sought to remove the entire windfall as a means to destabilize the dictator (Hall 2000, 111-112). After reading cables from the Dominican Republican Consulate that "an ambush of Trujillo [was] considerably more likely than [a] month ago" and that Trujillo was following a "course leading to the destruction of his own regime," Kennedy decided to investigate the possibility of removing the windfall (*FRUS* Documents 300 and 301). Just two weeks into his term as president, Kennedy had Secretary of State Dean Rusk prepare a report on whether the elimination of the sugar windfall would destabilize Trujillo, and if so, the potential of a Castroist regime replacing the dictator. In a memorandum requesting such a report, NSA advisor McGeorge Bundy stated that the President "feels we must take a firm stand against extra sugar for Trujillo" but "he doesn't want the political rap, here at home or abroad, for a sour ending to the Dominican drama" ("National Security Memorandum 17").

Secretary Rusk responded that Trujillo was experiencing increased economic and political difficulties. Economically, unemployment and inflation were high, the economy

was sluggish and the national budget was in a substantial deficit. The economic woes were almost entirely of Trujillo's making. Reports of internal dissent made Trujillo paranoid and led to "excessive military and propaganda expenditures." Moreover, "unwise fiscal, financial and investment policies and his systematic milking of the Dominican economy for his own personal gain" had basically drained the island of almost all of its financial reserves (see Schreiber 1973, 408-409 for a similar assessment). The sugar windfall in 1961 would have definitely helped in this regard as it would have led to an inflow of \$22 million into the country. Politically, the picture was brighter for Trujillo. As Rusk explained, there was "no solid evidence that Trujillo's fall is imminent." Although Rusk highlighted that the opposition had "substantially increased in numbers in recent years," he believed that they were "unable to move effectively against Trujillo." As for Communist replacements, Rusk believed no prediction could be made since the relative non-existence of an opposition made it unclear who would assume power (*FRUS* Document 302).

In the end, Kennedy decided the removal of the windfall was worth the risk. On March 29, 1961, the United States Congress extended the quota, but this time, Kennedy was successful in getting Congress to include a provision allowing the President the discretion to hold back the sugar windfall from a nation with which the United States had no diplomatic relations (the US had severed diplomatic ties with the Dominican Republic after the Betancourt incident). As a result, Kennedy was able to stop an additional 400,000 tons of sugar from being imported from Dominican Republic until June 30, 1962 (Hall 2000, 114).

US-Haiti 1962 "Stable Adversary"

In March 1961, newly-elected President John F. Kennedy unrolled his ambitious economic cooperation and development plan for Latin America: The Alliance for Progress. The main goal of this plan was to help develop friendly, democratic and economically stable nations in Latin America that would prevent the establishment of Castroist regimes in other Latin nations and counterbalance Soviet influence in the region. Four years earlier, Francois "Papa Doc" Duvalier had been elected the Haiti president,

and since his ascension into power he had worked to consolidate power and transform the nation into a personalist dictatorship. Using assurances that he was anti-communist, Duvalier was able to leverage significant amount of economic assistance from the Eisenhower and Kennedy administrations.

By mid-1962, his relationship with the Kennedy administration reached a tipping point. At the time, the Kennedy administration was assisting the Haiti government with four economic projects—the Artibonite Valley Project (a \$1 million US AID agriculture project), the Pote Cole project (a \$750,000 project to build small manufacturing and tourist facilities), a highway project and \$2.8 million airport-building project. Moreover, the US government was providing military aid through a Marine mission headed by Colonel Robert Heintz. Diplomatic cables began to surface that Duvalier was using this United States assistance to help promote his own regime. Trucks and earth-moving equipment were being used to transport Haitians to his reinauguration (after a fraudulent election where Duvalier received 100% of the votes) as well as for personal construction projects. More alarming was that Duvalier was stockpiling US ammunition in the basement of his presidential palace and using military assistance to build up a 5,000-person militia dedicated to the protection of Duvalier. This militia, called the Ton Ton Macoutes, was not only killing oppositional political figures, but also conducting seemingly random, and particularly brutal, attacks on innocent civilians (Abbott 1988; Rabe 1999; Von Tunzelman 2011). The use of Alliance for Progress money to build a dictatorship was a black stain for the program as well as a personal embarrassment for Kennedy. According to Assistant Secretary of State for Inter-American Affairs Edwin Martin, “President Kennedy fretted more about US relations with Haiti than about those with any other Latin American country” (Rabe 1999, 51).

In August 1962, the Kennedy administration began to have internal discussions of whether actions should be taken to remove Duvalier from power. Although there were many previous memoranda advocating for the removal of Duvalier from power, the most effective was sent by Executive Secretary of the Department of State William H. Brubeck on August 8, 1962. Brubeck opened his memorandum in the following manner: “In a

country that has had many autocratic, corrupt and incompetent governments, the Duvalier regime ranks among the worst.” He went to argue that the Duvalier regime remained in power through “terrorism, graft and venality” and “had shown no capacity for or interest in improving the lot of the Haitian people.” Brubeck was most concerned by two groups of people. The first was the Ton Ton Macoutes, which he referred to as a “partisan civil militia” taken from “the worst elements of the population.” He feared they were quickly growing in strength and may already be able to “neutralize the US-trained and orient regular armed forces.” The second was Duvalier’s advisors, who were “racist,” “ultra-nationalist,” and “receptive to strong Marxist if not Communist influence.” From this assessment, Brubeck drew the conclusion that “it is hopeless, so long as Duvalier remained in power, to make any further attempt to establish a practical basis of cooperation” and called for his removal.

In a bold move, Brubeck had already set out his own policy. Stating that “Duvalier cannot remain in power for any extended period without United States economic and military assistance, these two levers were being used to bring carefully measured pressure to bear on the regime.” In particular, Brubeck claimed that Duvalier needed the military mission as “proof of United States support of his regime” so military and economic aid had temporarily been suspended. However, the largest aid project, the airport loan, was being continued in order to avoid “either strengthening Duvalier unduly or provoking him to intemperate action.” He concluded that destabilization was possible but difficult since there were “definite indications” that Haitian officials and the public know that Duvalier “no longer enjoys unqualified US support” and that this had “weakened the regime and has helped to stimulated dissident” activity. As a result, there were an “increasing volume” of plots against Duvalier but most were “based largely on wishful thinking” and were “vague and uncoordinated” (*FRUS* Document 372).

The memorandum led to a meeting the next day in the Oval Office between State, Defense, CIA officials and President Kennedy. The meeting opened with an assessment by Edwin Martin. He told the room that the State Department had come to “the very firm conclusion that the Duvalier regime is irredeemable, there’s no possibility of persuading

them to adopt a more reasonable course.” He outlined the reasons for this assessment including that the conclusion that Duvalier’s regime was “one of the most brutal and dictatorial [regimes] that Haiti has suffered,” was doing “little, if anything, to help the people,” and following “a consistent policy of encouraging a buildup of a militia devoted to Duvalier at the expense of the regular armed forces.” Moreover there were concern that Duvalier was starting to tilt his administration to a more leftist regime causing “concern about Castro influence” as Duvalier “had replace some of his top officials with people who’ve had Marxist-Leninist connections.” He concluded his summary with a suggestion that they talk about the current aid program because it would affect the political situation in Haiti and the stability of the Duvalier regime (Naftali 2001, 295).

As the meeting progressed, many of Kennedy’s advisors tried to convince him that cuts in the aid programs as well as planning CIA subversion activities were necessary and would likely be successful. However, Kennedy was hesitant to believe these claims. He questioned whether aid cuts and CIA operations would be enough to destabilize Duvalier as well as the assumption that Duvalier’s likely successors would be better for the United States. In the end, Kennedy chose to wait on plans to destabilize Duvalier until destabilization strategies would work and more suitable replacements came onto the scene. For the time being, aid would continue to flow to Haiti. An excerpt from the meeting that highlights these concerns and Kennedy’s final decision appears below (Naftali 2001):

Kennedy: How much is involved in these two projects?

Unidentified Adviser: The Arbonite Project, for the last year, took about 1 million of the total 7.25 million of the, what we called a hard-core aid program, aside from the loans. The Pote Cole has about 750,000 dollars.

Kennedy: Were these very important to him (Duvalier)?

Unidentified Adviser: This is the point I would like to make, Mr. President, one of the very important factors we have to take into account is Duvalier’s use of our economic assistance and the military assistance as evidence of US support for him. He plays this line very hard and it has had a substantial impact in the past on the opposition to him, who uses it as evidence of our--- [President interrupts] (but likely was going to say “support”)

Kennedy: How much opposition is there to him?

Unidentified Adviser: The opposition—it's hard to give in numerical figures, Mr. President, but it is very widespread. It is centered in the business community, in most of these military sectors and among the intellectuals (297-298).

[The conversation turns to a briefing on the current military mission, the buildup of the Ton Ton Macuates and the merits and demerits of pulling the mission]

Kennedy: What pressure can we put... what pressure can we put on Duvalier now? Now much, I suppose.

Assistant Secretary of Defense Frank Sloan: We haven't been very successful. General O'Meara in his meeting there laid these things very hard out on the line to Duvalier, but apparently got very little response. And about all we can do is what we have done, suspend the deliveries and press forward with trying to keep the army, which is US-oriented, in a better condition...

[Later in conversation]

Kennedy: But the only question is—what will all this cause him to do? What are we waiting...for what [with regards to overthrowing Duvalier]?

Edwin Martin: At this point I would ask the Agency [CIA] to take a little about the plotting that is going on?

Kennedy: Yeah

CIA Deputy Director for Plans Richard Helms: I might say, Mr. President, the plotting doesn't seem to be very successful. General [Jean-Rene] Boucicaut, the chief of the armed forces, told Colonel Heinl [head of US Marine mission there], yesterday morning that he is planning to have the coup in October. And by afternoon he and his family had sought asylum in the Venezuelan embassy. So [some of the advisers begin to laugh] it didn't take Duvalier very long to move in on him.

Chief of the Western Hemisphere Division of the CIA J.C. King: Our impression is that there are a good many different elements in the military in Haiti... have come to us. But the atmosphere there is such that none of them trust each other, and we know a lot more about the various people that are dissatisfied than any of them are willing to share with each other.

Helms: That's right.

Unidentified Adviser: You have an impression that there are congeries of little groups, all of them the same with not too many in contact with each other?

Kennedy: Right (300, 302).

[Later in conversation]

Deputy Assistant Secretary of State for Inter-American Affairs Richard Goodwin: I say one thing that I think is important that Duvalier is surrounded by two or three militants—Dessimore Blancher and [cannot be heard on tape], who are very anti-US, have a Communist background. And I think that if Duvalier really loses hope that he can ever deal with the United State it can't help but strengthen their position within the

government and their obvious efforts to strengthen their position for the time when Duvalier goes. I think this is a danger of a holding operation that they will get stronger.

Helms: Well, Mr. President, one organization we haven't even mentioned this morning: the secret police, known as the Ton Ton Macoutes which is, estimates say it varies in size from 1 to 5,000 people. It is a repressive force of no mean substance, and this is the one that goes into the houses and takes the people out to jail and shoots them and so forth and is pretty pervasive these days. So it makes plotting rather dangerous business (303-304).

[Clarification comments about Ton Ton Macoutes]

Goodwin: I think in a lot of ways, we really ought to avoid any more public anti-Haitian until we have an idea that something's definitely going to happen as a consequence. Because these people [the Ton Ton Macoutes] are very dangerous fellows and they'll succeed in strengthening their hands with Duvalier if they feel that the U.S. is moving away from him very strongly (304).

[Talk about a crucifixion carried out by Ton Ton Macoutes that had received US press]

Kennedy: Now, Duvalier has a... The ambassador spoke to me about these left-wing people he has got around him, and that he has this militia. Then he has this secret police. Now let's hope in opposition to him. The question is really what Dick brought up. How do we sort of adjust ourselves so that the Communists do not become his heirs and the opposition will?

That's why we really should just pursue our... I think... [an] antiseptic attitude towards him, somewhat removed but not in anyway, not verbalizing it. Because another coup really doesn't do any good if you don't have anybody to work with. If all you got is one fellow here in the United States and there is no evidence that he's got anything in the island itself. And then there isn't really very much hope right now of doing anything about him (305).

[Discussion about whether State and military officials should reach out to potential opponents. Kennedy doesn't believe it is good idea because such talk could get back to Duvalier.]

Kennedy: The fact that, it says here there are definite indications of awareness on the part of the Haitian officials that Duvalier no longer enjoys unqualified United States support. Does it weaken him or is he able to appeal to laymen?

Unidentified Adviser: I think there's no question that it weakens him, Mr. President.

Martin: He's liable to appeal to national sentiment.

Unidentified Adviser: No, I think the great mass of the people are inert politically; I think that he can, he or any strong leader can get them behind it but they don't identify themselves particularly with him.

Kennedy: Well, all we want to be able to do now is to maintain a relationship with Duvalier sort of removed; we're not going to, I mean we're going to keep our military mission there and do the airport.

[Advisors ask if they should cut off the other aid projects for “technical reasons”]

Unidentified Advisor: [Should we] slow down the other program and [have] the aid cut off.

Martin: And see if we can develop some kind of program with the personalities that we know about that is worthy of consideration by your or perhaps the Special Group [part of the National Security Council that oversaw coup plots].

Kennedy: I think that probably we should not encourage... well, we know a lot...but this cancellation no matter whether we put it on about technical grounds or [will] not be interpreted the best. We probably ought not to give him [Duvalier] any more of an excuse because if it looks like we're carrying out a [coup]-he will obviously go more and more off...and if the timing isn't right then we don't want him [to] liquidate all our chances ... so I think we oughtn't to indicate any....you said that one of the recommendations [is] we carry out on occasion acts of hostility towards him. Now it doesn't seem to me there's much use in that now. We've made the point. We shouldn't have him feel that this is a... We don't, unless we see some alternative then there might become a time when we just break it. But when we don't have any alternative today, I think it just foolish to push him into extreme positions... (308)

[Later in conversation]

Unidentified Adviser: I might make one point, in connection with this Communist influence, I think we should all bear in mind that the continued existence of Duvalier in itself, the repressive apparatus does stimulate either the growth of Communist or there is no there are two sides to this question of his turning to Communists for support in the face of pressure from us. Even if we were to withdraw completely from pressure, Communism will be stimulated by his continuance in office.

Kennedy: Yes, I know he's staying until we look like we have some opposition. I suppose that we have to main—he may, he may be, all we have. I mean, if we had something else then I think. I agree go [likely said “take”] him out, but it seems to me— [interrupted by Mr. Martin].

Martin: We need to try to create something else.

Kennedy: Yes, but pending creating something else, you maintain at least a link which would permit either he or us to a degree to walk back towards each other, if that should prove desirable, if we don't have anything else (309).

US-Chile 1965-1966 (“Unstable Friend”)

During the first year and a half of his administration, President Lyndon B. Johnson saw the price of copper increase from 31¢ to 36¢ per pound. The price hike was troublesome for two reasons. First, at a domestic level, the price hike in copper coincided with increases in the price of other primary metals, particularly copper's substitute—

aluminum. The result was a 2.5% increase in the wholesale price index. This inflationary pressure concerned Johnson because his popularity was being buoyed by economic prosperity, and his administration was diligently working to stabilize these prices in order to maintain this political capital. Second, on a foreign policy level, Johnson had just recently escalated the Vietnam conflict by sending an additional 100,000 Marines and the elevated cost of metals would make this campaign substantially more expensive (Berteau 1982, 173-174; Weintraub 1982, 36-37; “Presidential Conversation with Mike Mansfield”).

However, in late October 1965, the two major American copper companies, Anaconda Mining and Phelps Dodge, raised the price of copper again to 38¢ per pound. In response, President Johnson dispatched Secretary of Defense Robert McNamara and Special Assistant to the President Joseph Califano to try to influence these companies to drop the price of copper. Yet, executives at these firms stated that they could not convince their boards to “rollback” because the hike was in direct response to the Chilean government’s decision to raise the price of Chilean copper (*FRUS* Document 282, 284; “Presidential Conversation with Senator Mike Mansfield”; “Presidential Conversation with Joseph Califano”). Unfortunately, getting Chile to rollback copper prices would require substantial political maneuvering given the current state of US-Chile relations (Berteau 1982, 174).

The Chilean president was Eduardo Frei Montalva, a darling of the United States development program Alliance for Progress. President Frei owed his political power to considerable financial and political support from the United States. During his election in 1964, the United States spent \$2-3 million dollars in CIA programs to ensure that Frei would win a congressional run-off vote over Socialist opponent Salvador Allende. While in office, United States guaranteed Frei’s stability through largesse. US AID (Agency for International Development) assistance in 1965 was \$97 million, almost triple the amount in 1963 (176). In fact, the US government gave about \$1.1 billion in aid during the Frei administration, the largest per capita aid program in Latin America (Farnsworth 1974, Hersh 1983).

At the same time, Frei’s domestic support was almost entirely tied to the copper market. In 1965, copper exports made up 75% of Chile’s entire export revenue and had

long been a major political issue in Chile. Frei had referred to Chile's copper market in private meetings with US diplomats as one of "tremendous importance" and that for Chileans "copper is not just one problem, it is the problem" (*FRUS* Document 286). During the previous conservative government of Jorge Alessandri (1958-1964), many politicians decried the fact that copper policies were more in line with American interests than Chilean. In fact, the Socialist-Communist alliance headed by Salvador Allende used their plan for nationalization of the Chilean copper industry as a major campaign issue during the 1964 elections. During the elections, Frei advocated for a moderate approach called "Chileanization" where the Chilean government would buy a large amount of shares in the American copper companies operating in Chile in order to have controlling stake, and in turn, be able to manipulate prices and increase tax revenues. While in office, Frei made good on his promise and Chile controlled 51% of Kennecott Mining and a quarter of Anaconda by 1967 (Berteau 1982, 174; Hersh 1983, 260-261).

On November 15, 1965, President Johnson, under advice from Assistant Undersecretary of State for Inter-American Affairs Thomas Mann, sent Ambassador-at-Large W. Averell Harriman and Assistant Secretary of State Anthony Solomon to begin negotiations with the Frei government to keep the price of copper low. However, they were instructed to let Frei know there would be sticks and carrots associated with his decision. If Frei did not lower the price, he could face suspension of \$80 million dollars in current loans, hold-ups on investment guarantees, a freezing of \$135 million in pending loan applications in front of the Export-Import Bank as well as steps to artificially lower the price of copper.² If he complied, the administration was willing to increase loans by \$10 million to cover the \$8 million loss, grant easier access to US capital flows and continue political support (*FRUS* Document 282, "Presidential Conversation with Joseph Califano").

However, the copper issue put Frei between a rock and a hard place. Declassified diplomatic cables and recordings of internal White House discussions revealed that Frei did not have the domestic stability to make concessions. United States Ambassador to Chile Dugan relayed to National Security Advisor Bundy that the "carrot-stick

² The main crux of these efforts would have been the release of the United States' 700,000-ton US copper stockpile as well as programs to promote aluminum production to act as a substitute.

combination” would succeed in getting Frei to make concessions but would carry a heavy political price as to “force [the] Frei government to a rollback might very well bring the government down or so weaken it as to make it difficult or impossible to pursue the reform program on which it is embarked.” Such an event would have to be avoided since it would be “a suicidal course in terms of American foreign policy” and would have an “inevitable adverse political effect” as the Frei administration represented “the hope of democracy and the Alliance for Progress in Latin America.” (*FRUS* Document 283).

National Security Advisor McGeorge Bundy responded that that the administration knew the precariousness of Frei position and was willing to take this vulnerability into consideration: “We recognize difficulty of Chilean decision to reduce prices and are prepared to do our best to create a situation in which such a decision can be strongly defended by Chile.” Despite the fact that copper was a “deeply sensitive question in Chile,” it did not change the reality that the price decrease was the “most serious concern” for the administration’s domestic policy. In other words, the administration was willing to risk Frei’s stability to ensure its own (*FRUS* Document 282). Yet, President Johnson was also aware of Frei’s situation, factoring it into his decision-making. He stated in a phone conversation with Undersecretary of State for Inter-American Affairs Thomas Mann that he understood Frei’s weakness concerning his Senate and thus “we have to find some way where we can both roll back” (*FRUS* Document 284).

When the negotiators arrived, Frei explained that the price increase was supported by all political parties, ranging from the conservatives to the Marxists. The main problem was that Chilean politics were upset to see that Chilean copper was being purchased on the European market and then resold for as high as 67¢ per pound. The loss of such potential tax revenue for social programs was too much to bear. In fact, Frei was the only political figure asking for the price increase to stop at 38¢. Most of his cabinet wanted to see an increase to 40¢, while more radical factions in the legislature wanted 45 to 50¢. Moreover, since his party only held 30% of the Senate, he had little ability to get legislators to tow the line (*FRUS* Document 284, 286, “Presidential Conversation with Joseph Califano”). As Frei stated, a rollback would be the “most difficult problem conceivable for his government at the time” and “a political crisis of the highest

magnitude.” Given the overwhelming belief in Chile that the nation was being taken advantage of by United States on the issue of copper, concessions on this issue would be “absolutely impossible to explain” to his support base and that “no political party, nor the military nor the ordinary Chilean would understand.” (*FRUS* Document 287). Frei was inclined to help the Johnson administration that had economically backed him the last two years and would make the concession if he had no other choice, but he beseeched Solomon and Harriman to have Johnson find a way where he didn’t look to be conceding to US threats, including having US roll back prices first and to remove the import duty on Chilean copper (*FRUS* Document 287).

In the end, Johnson agreed to a compromise that would give Frei political cover and ensure his stability by making it look as if Frei responded to market events and not American political pressure (*FRUS* Document 288). A negotiated agreement was reached where Anaconda and Phelps Dodge would drop their prices first with an agreement that the Chilean government would drop theirs shortly after. Then, US Secretary of Defense Robert S. McNamara would release 200,000 tons of copper from stockpile to increase supply and lower the price, impose controls on copper exports, have Chile send 100,000 tons of copper to Anaconda at 36¢ per pound and request that New York Commodity Exchange increase margin requirements on copper futures contracts so the price could stay down. In exchange, the government would drop the 1.7% import duty on Chilean copper and give a \$10 million US aid loan with generous rates in order to offset the cost to the Chilean government (Berteau 1982, 182; “Presidential Conversation with Robert McNamara”).

France-New Zealand 1986 (“Stable Friend”)

On July 10, 1985, the *Rainbow Warrior*, the flagship of the environmental group Greenpeace, exploded and sank in New Zealand’s Auckland Harbor, claiming the life of Dutch photographer Fernando Pereira. The vessel was docked in New Zealand in order to participate in a protest flotilla that intended to hinder French nuclear weapons testing on the South Pacific atoll of Moruroa. Just two days later, New Zealand authorities arrested

Alain and Sophie Turenge for the crime, two travelers who had arrived in New Zealand using fake Swiss passports. They were then charged with murder, arson and conspiracy. Over the next month, dogged French journalists uncovered the fact that the two individuals were Captain Dominique Prieur and Major Alain Mafart, agents of the French spy agency *Direction Générale de la Sécurité Extérieure* (DGSE).

In response to growing public belief that the French government was involved in the attack, French Prime Minister Laurent Fabius admitted, on September 22, 1985, that the French agents had carried out the bombings but that New Zealand had no right to charge the two with a crime since they were acting under orders. New Zealand Prime Minister David Lange disagreed and demanded that Captain Prieur and Major Mafart be prosecuted, that the French government apologize and provide compensation to the Pereira family and that France pay \$10 million in damages to New Zealand. France agreed to the apology and compensation to the Pereira family, but negotiations stalled because France refused to pay New Zealand compensation and would not allow their citizens to be held in a New Zealand prison after the pair was sentenced to ten years of incarceration (Thakur 1986; Hufbauer, Schott, Elliott, and Oegg 2007).

During these negotiations, French opposition party leaders, namely Parisian mayor Jacques Chirac, used the *Rainbow Warrior* affair as a campaign issue for the upcoming March elections. At a rally on October 4th, Chirac told his supporters “that the French government will oppose the importation of butter into the community if there is no political accord with New Zealand...The position will be the same concerning mutton” (“Chirac” 1985, 1). This threat was quite credible because European import quotas on butter and mutton were set to be renewed on August 1, 1986 and the vote needed to be unanimous, essentially giving France veto power over New Zealand’s butter trade with all European nations. These sanctions would be crippling to the New Zealand economy. Europe made up just over 20% of New Zealand’s export market. Moreover, New Zealand heavily relied on British imports for its butter industry (80,000 tons); the import restriction on butter alone would amount to \$300 million in losses (Thakur 1986). When Chirac became prime minister after the March 1986 elections, he continued with these threats. In an April address, External Trade Minister Michel Noir stated that New

Zealand should be “ready for any possibility” when it came to the European imports of New Zealand butter (qtd. on 211).

In the meantime, France exerted economic pressure on key New Zealand goods (sheep brains, wool, fish, potatoes and butter) through informal means. First, they coerced the French territory of New Caledonia to not accept imports from New Zealand. Then, French custom agents were ordered to delay the granting of import licenses, to process New Zealand shipments slowly and to return goods as wrongly labeled. Customs agents also went about destroying New Zealand goods under the guise of inspection. Bales of wool were sliced open in order to search for heroin and frozen sheep brains were taken out of their containers to be inspected, but were then left out so that they would spoil and be returned (F. Lewis 1986; P. Lewis 1986). In February 1986, New Zealand Prime Minister David Lange complained to the Organization of Economic Cooperation and Development (OECD) that France was breaking GATT trade rules. France admitted that New Zealand products were being held by customs for “not entirely commercial reasons,” but continued to apply pressure (Hufbauer, Schott, Elliott, and Oegg 2007). Despite continued French economic pressure, Lange pledged to hold firm, saying on May 31st, “We will not negotiate...in a way which those two go to freedom” (qtd in Thakur 1986, 211).

However, by mid-June 1986, with the decision on butter and lamb quotas looming and the hard-liner Chirac now in power, Lange heeded the advice of Dutch Prime Minister Ruud Lubbers and sought out third-party mediation. France and New Zealand asked UN Secretary-General Javier Perez de Cuellar to mediate their dispute, for which he agreed. Then, just three days before the one-year anniversary of the *Rainbow Warrior* affair (July 7th), France, New Zealand and Perez de Cuellar reached an agreement. New Zealand would have the agents exiled on a French military base in the Pacific for three years (footnote about how they didn’t serve full sentence) while France would pay \$7 million in damages, make a public apology to New Zealand and agree to normalize trade again (Thakur 1986).

In France, the agreement was seen as a major diplomatic victory for the newly-formed Chirac government as well as the outgoing Socialists. However, Lange “paid a heavy political price” for his concession (213). Public opinion polls showed that over

75% of the New Zealand public wanted to see Lange stand firm against France, and public approval of Lange fell noticeably after the agents' release ("UN Settlement" 1986). Moreover, New Zealand's leading newspaper *The New Zealand Herald* lambasted Lange for what it thought was a "sordid transaction" and "contemptible episode." The paper pulled no punches, writing,

It is now clear that any nation big enough and unscrupulous enough can send agents to New Zealand, wreak havoc, kill people, and then with a bit of arm-twisting and a cash sweetener, have this gutless government kick the courts in the teeth and dump all the police work in the garbage (qtd on 6A).

Lange chose to accept this failure in order to avoid what he believed was a bigger threat to his administration. When asked why he relented, Prime Minister Lange stated, "We've got thousands of dairy farmers going broke. They haven't been able to pay their mortgages the past two quarters. If we took a poll of dairy farmers on the spy agreement, I know what the result would be" (qtd in Howard 1986, 3). New Zealand farmers were already being hurt by austerity measures put in place by Lange's government as well as continuous reductions in European butter quotas. From 1973 to 1984, the import quota of New Zealand was reduced in half from 165,000 tons to 80,000, and preliminary talks put the 1987 and 1988 numbers between 70,000 to 75,000 tons. The already wounded New Zealand dairy industry would be all but ruined if France placed the number at zero ("The Butter" 1986).

It might appear counter to our theory that the French government appeared so willing to destabilize the Lange's administration, a government that Chirac referred to as "loyal friends" ("Chirac" 1986, 1). However, France was in the unique position of being able to apply so much economic pressure on its target that resistance was not a viable option and thus it was highly unlikely that Lange would suffer the destabilizing effects of sanctions. *The Economist* summarized this dynamic as well:

France's position was exceptionally strong. It had no need to persuade the whole community of nations to join it in applying pressure—or even to admit that it was applying any itself. It was not just a matter of the French being able to make effective use of a ban on imports of lambs' brains because hardly anybody else wants to eat such things. France's exports to an investments in New Zealand are so small, its power of exerting

leverage through the EEC so great, and its abuse of that power so popular with its voters, that its government could, if need be, pursue a confrontation indefinitely. New Zealand's government, painfully aware of the damage EEC farm policies have already done to its exports, could have no illusions about the risks of continuing the confrontation ("The Butter" 1986, 44).

However, Lange was stable enough to survive the concession as he was able to hold as prime minister for another three years. In fact, his National Party was able to pick up an additional two seats in parliamentary elections held just over a year later. As a result, France was in a win-win situation. It could score a major diplomatic victory and secure most of what it wanted in the dispute without risking the destabilization of a foreign policy ally.

*Red lines represent the mean for the measure during the time range depicted on the graph, unless otherwise noted. S-score means are only for the dyads including the sender (the U.S. has significantly lower s-scores on the whole).

Figure C3: UN Voting S-Score for US-Haiti Dyad

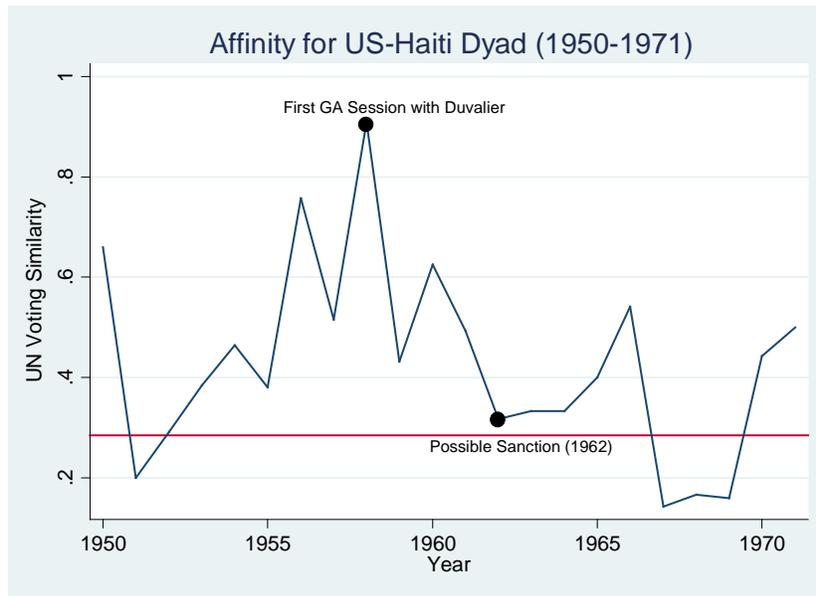


Figure C4: Probability of Failure for Duvalier

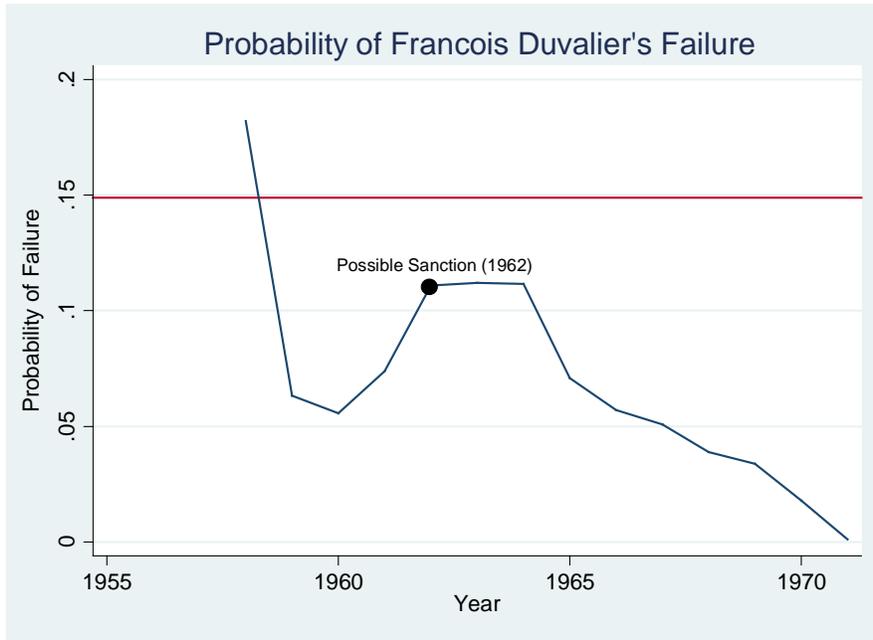
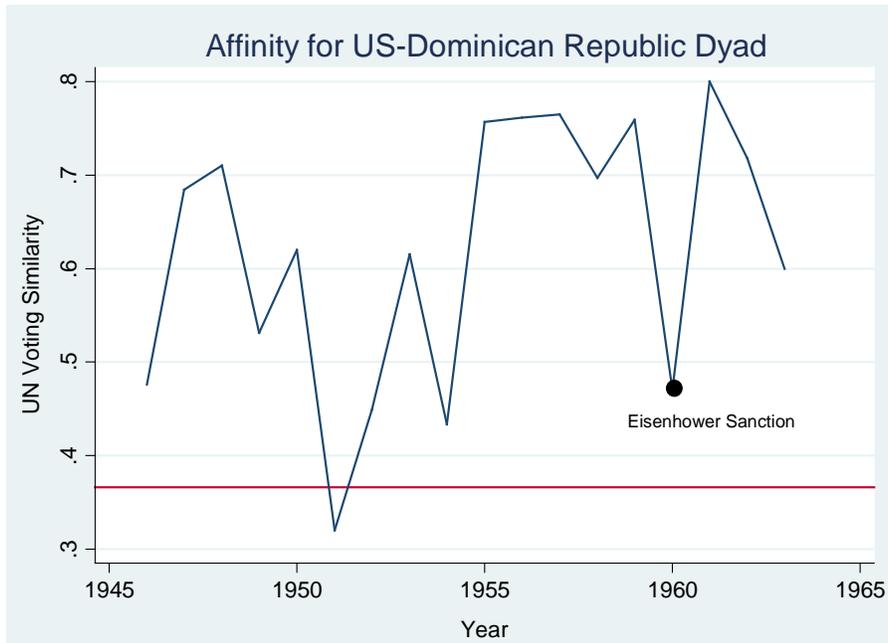
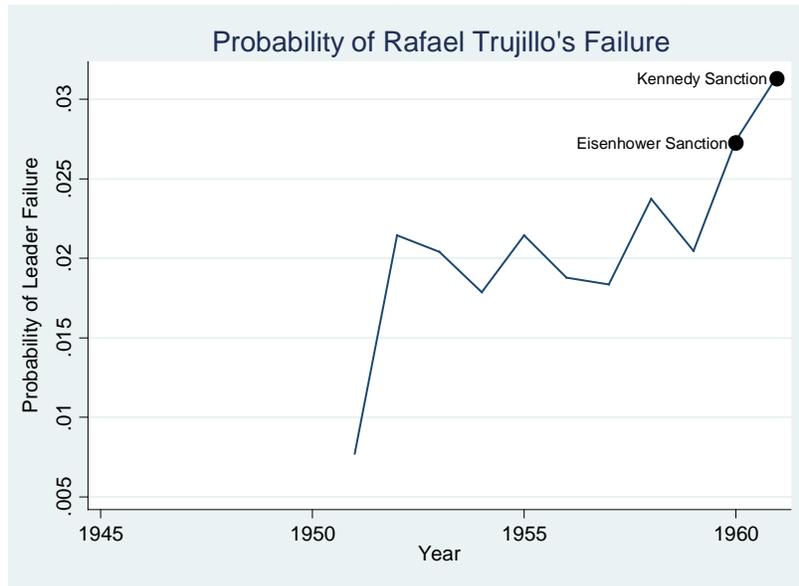


Figure C5: UN Voting S-Score for US-Dominican Republic Dyad



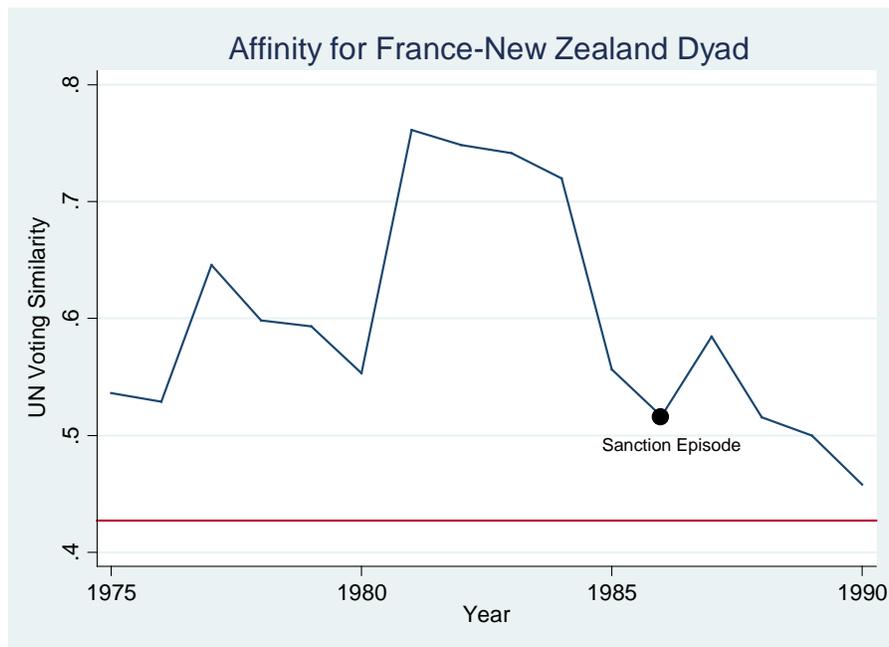
Note: Only the Eisenhower sanction is denoted on this graph because Trujillo was already assassinated before the 1961 GA Plenary Session, so the s-score would be misleading.

Figure C6: Probability of Failure for Trujillo



Note: The mean line is well above the maximum in this graph. One standard deviation cannot be shown since it would be negative.

Figure C7: UN Voting S-Score for France-New Zealand Dyad



Note: The red line is actually one standard deviation above the mean since the mean line is well below the series.

Figure C8: Probability of Failure for New Zealand Leaders



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