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ORIGINAL ARTICLE

Leader-contingent sanctions as a cause of violent political conflict

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Abstract

Economic sanctions are a policy tool that great powers frequently use to interfere with domestic politics of another state. Regime change has been a primary goal of economic sanctions over the past decades. This article studies the relationship between *leader-contingent sanctions*—sanctions that are designed to impede the flow of revenue to a specific leader—and violent political conflict in target countries. I build a theoretical model to illuminate two mechanisms by which leader-contingent sanctions destabilize a regime—the *Depletion Mechanism* and the *Instigation Mechanism*. The Depletion Mechanism works when sanctions mechanically deplete the government's resources so that it becomes unable to buy off domestic opposition even by making the largest possible offer. The Instigation Mechanism implies that as sanctions decrease the benefit of negotiated settlement relative to war, the government may strategically choose to repress rather than buy off the opposition even when it is able to do so. Leader-contingent sanctions lead to bargaining failure by rewarding the opposition for revolt while reducing the government's ability and willingness to appease the opposition.

Keywords: Formal modeling; international relations

1. Introduction

How does foreign intervention influence the prospect of violent political conflict between incumbent leaders and domestic opposition groups? This question has gained increasing relevance as great powers more and more frequently intervene in domestic politics of countries where they have high security, geopolitical, and economic stake (Di Lonardo *et al.*, 2020). Economic sanctions are a tool used by foreign actors to coerce policy changes within target governments. The use of sanctions signals foreign actors' resolve to interfere in decision making processes of another sovereign state, but in a moderate manner that supplements diplomatic approach without involving radical military interventions. According to Hufbauer *et al.* (2007), destabilizing a regime appears to be a primary foreign policy objective of economic sanctions. Both during and after the Cold War, great powers, most notably, the United States and the European Union, frequently resort to sanctions in an effort to explicitly or implicitly change a target country's regime, usually in the context of a foreign policy dispute involving other issues, such as building new alliances, combating terrorism, promoting democracy, and protecting overseas assets.[1] About a third of sanctions aimed at destabilizing a regime are successful from the

[1]According to the Global Sanctions Data Base, more than one-third of the sanctions imposed by the United States and the European Union between 1950 and 2022 have the policy goal of destabilizing a regime and/or promoting democracy and human rights (Syropoulos *et al.*, 2022).

standpoint of countries imposing sanctions—a success rate that Hufbauer *et al.* (2007) believes contrasts favorably with the skepticism about the effectiveness of sanctions expressed in the existing literature.

The high frequency of regime change as a goal of sanctions and their different outcomes lead to the following question: when and how do economic sanctions destabilize a regime? This article addresses this question by focusing on the relationship between *leader-contingent sanctions*—sanctions targeted at a specific leader and impeding the flow of revenue to the leader[2] —and violent political conflict in target countries. Leader-contingent sanctions destabilize a regime by altering preferences and incentives of domestic actors. By punishing a specific leader but not her domestic rivals, foreign actors change the bargaining dynamics within the regime and manipulate domestic actors' cost-benefit calculations over negotiating an agreement and engaging in violent conflict, respectively. Instead of considering how economic sanctions hurt the target state in general, this article adopts a microfoundation approach that emphasizes how groups within the target are affected differently by sanctions (Kirshner, 1997). By incorporating leader-contingent sanctions into the widely-used crisis bargaining framework, this article pins down two different mechanisms—one mechanical and one strategic—by which the contingent nature of sanctions provokes armed conflict between domestic actors and thus undermines the stability of target regimes.[3]

To better understand the relationship between leader-contingent sanctions and armed conflict within target countries, I present a theoretical model where a government and an opposition group engage in an ultimatum bargaining game in the shadow of economic sanctions imposed by a foreign state. The role that sanctions play is to reduce a proportion of resources of whoever is in power. To capture the idea that sanctions imposed by the foreign actor are conditional on who holds office, I allow the foreign state to choose a sanction level after observing the bargaining outcome between domestic actors. Sanctions imposed by the foreign state are leader-contingent in the sense that the level of sanctions that the foreign state chooses if a rival leader holds power is different from that if the rival leader is replaced by a domestic opposition group. My theory of leader-contingent sanctions proceeds from the premise that punishing a specific leader but not her competitors is a popular way in which sanctions are designed (McGillivray and Smith, 2009).

The model elucidates two mechanisms by which sanctions provoke violent political conflict and destabilize a regime—the *Depletion Mechanism* and the *Instigation Mechanism*. The Depletion Mechanism works when sanctions mechanically deplete the government's resources so that it becomes unable to buy off domestic opposition even by making the largest possible offer. The potential lift of sanctions motivates the opposition to revolt by making the removal of the leader rewarding. The Instigation Mechanism implies that by reducing the benefit of a potential settlement, sanctions instigate the target leader to strategically fight against opposition groups. Sanctions shrink the gap between the government's total revenue and the opposition' reservation value, i.e., the minimal amount that the government has to offer in order to avoid conflict, therefore rendering negotiated settlement less beneficial for the government. As sanctions become tougher, the government's payoffs for both negotiated settlement and violent conflict decrease, but the payoff for settlement decreases faster—in order to appease the opposition, the government has to offer a larger share of its resources. Faced with tough sanctions, the government, even if having sufficient revenue to buy off the opposition, may strategically choose to fight in the hope of eliminating the opposition and holding the entire pie, thus compensating for its losses from sanctions.

[2]A sender country can impede the flow of revenue to a leader by imposing trade embargoes, suspending or canceling bilateral aid, terminating World Bank and International Monetary Fund loans, freezing or seizing target leader's assets within the sender's control, or banning the target from the entire international banking network.

[3]The concept of leader-contingent sanctions does not exclude the possibility that sanctions targeting a particular leader inadvertently produce society-wide side effects. The essence of leader-contingent sanctions appears that the target leader incurs higher costs from sanctions than the society or rivals within the regime.

The model also speaks to the credibility of sanctions which is important for their effectiveness (Martin, 1993; Peterson, 2013). Leader-contingent sanctions do not work if the foreign state cannot credibly commit to keep sanctions in place whenever the leader holds power. It is incentive-compatible for the foreign state to design sanctions in a contingent way if: (1) it benefits from replacing the target government with domestic opposition forces; (2) it benefits from punishing the government and degrading its coercive capacity if the government remains in power; and (3) the foreign state itself does not suffer much from sanctions. The foreign state's sanction choice is determined by the benefit of punishing a rival regime and constraining its ability to wield power, as well as the cost of sanctions. Stronger opposition groups make the santioner's credibility constraint easier to satisfy. As opposition groups have a higher probability of overthrowing the government, their reservation value increases and they become more difficult to appease. The level of sanctions necessary to incite regime change thus lowers, and it becomes easier for the foreign state to credibly commit to lower level of sanctions whenever the government stays in power. As a result, armed conflict between the government and opposition forces is more likely to occur, and sanctions aimed at fostering regime change become less likely to fail because of commitment problems.

This article applies rationalist explanations for war to demonstrate how shortfalls of government revenue caused by sanctions undermine target government's ability and willingness to strike binding bargains with domestic political stakeholders. Existing applications of bargaining theory to the study of intrastate conflict identify three main bargaining problems standing in the way of negotiated settlement—private information and incentives to misrepresent, difficulties in credibly committing to signed deals, and issue indivisibility[4]. By introducing leader-contingent sanctions to the standard crisis bargaining model, this article proposes an alternative explanation for why negotiated settlement may not be reached even in a complete-information setting. Sanctions shrink the total resources that target governments can share with domestic opposition groups, which subsequently changes the actors' cost-benefit evaluations over fighting and striking a deal. Although fighting per se is still inefficient and generates some costs to both sides[5], sanctions make revolt not necessarily costly for opposition groups by creating extra benefits, which are the removal of sanctions. My theory adopts an experimental approach to understand the effect of leader-contingent sanctions (Paine and Tyson, 2020). In my framework, sanctions are a treatment and the single factor added to the standard ultimatum bargaining model[6], therefore is the proximate cause of bargaining failure.

This article also contributes insights to empirical studies of economic sanctions and domestic conflict, and highlights the importance of using sanctions in combination with military measures. The existing literature proposes three explanations for how sanctions can lead to the outbreak of violent political conflict between incumbent leaders and domestic opposition: (1) the shift-in-power explanation; (2) the deprivation-based explanation; and (3) the signaling explanation. Excluding the possibilities that sanctions change the distribution of power between domestic actors, inflict costs on average citizens, and solve informational problems, my model introduces two novel mechanisms that are distinct from existing ones by which sanctions destabilize a regime. In addition, this article explains why military measures are important in enhancing the effectiveness of sanctions aimed at fostering regime change. Economic sanctions create incentives for internal opposition to revolt by shrinking the feasible bargaining range and making revolt rewarding, while military tactics boost the relative power of opposition groups and increase their reservation value. Sanctions can foster internal regime change only when opposition forces are strong enough to pose substantial threats to the target regime. When opposition groups are weak, even the toughest sanctions are not able to create sufficiently strong motives for them to

[4]see Fearon (1995, 1998, 2004); Walter (1997, 2006, 2009); Kydd and Walter (2002); Powell (2006).

[5]which is in line with the standard bargaining framework of Fearon (1995).

[6]where we can only see negotiated settlement in equilibrium.

revolt because they have a low reservation value and thus are easy to buy off. Furthermore, a strong opposition group makes a santioner's credibility constraint easier to satisfy. A foreign state pursuing regime change could enhance the credibility of its leader-contingent sanctions by simultaneously providing military support to internal opposition: as the foreign state increases the opposition's relative power, it makes credible commitment easier to achieve by reducing the level of sanctions it needs to commit to.

1.1 Economic sanctions and violent political conflict

Internal opposition has been identified as an "invisible hand" that could be exploited by sanctioning bodies. Sanctions destabilize a regime by compounding pressure from domestic groups (Marinov, 2005). Existing explanations for how economic sanctions destabilize a regime through internal opposition can be classified into three categories: the shift-in-power explanation, the deprivation-based explanation, and the signaling explanation.

The shift-in-power explanation argues that sanctions change domestic actors' incentives to resort to violence by shifting the balance of power between them. Sanctions impair the target government's military capabilities and increase the chance of victory for potential rebels (Gershenson, 2002; Hufbauer *et al.*, 2007; Escribà-Folch and Wright, 2015; Hultman and Peksen, 2017). This exacerbates the commitment problem between the government and opposition forces. When the government's revenue severely decreases, potential rebels gain bargaining leverage vis-à-vis the government. To appease rebels, the government has to promise future resource transfers, but the decrease in its revenue prevents the government from providing the promised level of resources in the future (Nielsen *et al.*, 2011; Gutting and Steinwand, 2017). In addition, sanctions render the target leader less secure by raising the likelihood of defection of the leader's support coalition members and increasing the risk of coups (Escribà-Folch, 2012; Escribà-Folch and Wright, 2015). Leaders, encountered with sanctions, feel insecure because sanctions change the distribution of power within the regime in favor of internal opposition forces. This has a far-reaching impact on the leader's interactions with her key supporters. The increase in internal opposition's power motivates elites to shift their support from the leader to the opposition groups. To solidify their power, leaders "must deliver more goods to get a similar amount of support than before sanctions were imposed (Escribà-Folch, 2012, 689)", while sanctions reduce the autocrats' ability to fund their patronage network by cutting their external revenue. Escribà-Folch (2012) also finds that the effect of shifts in power within a regime on civil violence hinges on domestic political institutions in the target country. Faced with sanctions, personalist rulers are most likely to respond with increased repression because their income is harmed most by sanctions. On the contrary, autocrats in single-party and military regimes, harmed less by the sudden drop of revenue, tend to increase transfers to their key constituencies in order to prevent potential defection.

The deprivation-based explanation argues that if elites in the target country manage to transfer economic costs of sanctions to the society, sanctions, by causing economic hardship, exacerbating divisions in society between the rich and the poor, and reducing the opportunity cost of revolt, will intensify internal dissent against incumbent leaders and make previously reluctant population more inclined to revolt (Allen, 2008; Oechslin, 2014). In anticipation of potential threats from domestic opposition, leaders targeted by sanctions may preemptively increase the level of repression and seize control of the whole economy to enhance their authority (Gershenson, 2002; Peksen and Drury, 2010; Grauvogel and Von Soest, 2014; Oechslin, 2014). Therefore, whether ordinary populations, deprived by sanctions, choose to rebel depends on whether benefits of overthrowing an incumbent leader are high enough to outweigh opportunity costs associated with revolt and counteract the risk of being repressed.

The signaling explanation argues that sanctions increase mobilization against target leaders by signaling approval or support of the international community for would-be protesters (Grauvogel *et al.*, 2017). However, critics of such explanation conceive sanctions as a signal of weakness rather than strength: through imposing sanctions, interveners demonstrate their unwillingness to get involved militarily (McKibben and Skoll, 2021).

The existing literature does not invalidate my theory. I present distinct mechanisms by which sanctions destabilize a regime. The differences between conclusions drawn from my model and those in the existing scholarship are driven by several key features of the model. First, I focus exclusively on leader-contingent sanctions, the goal of which is to degrade the coercive power of a specific leader. Leader-contingent sanctions are designed to inflict costs only on a specific leader in the target country without involving internal opposition and average populations. This is different from the existing literature which argues that sanctions make people more likely to revolt by making them suffer and reducing the opportunity cost of revolt. I hope to show that even if the leader is the sole victim, the contingent nature of sanctions still creates incentives for the opposition to revolt because they benefit from the removal of sanctions, therefore becoming harder to appease. Second, sanctions do not change the balance of power between the target government and domestic opposition. This is different from past work which argues that sanctions motivate opposition to revolt by granting them a higher probability of winning. This is also different from the literature that relates the effectiveness of foreign sponsorship to rebels to how much such sponsorship increases the rebels' relative power. I intend to show that even if we ignore the effect of sanctions on the balance of power between the government and opposition forces, sanctions still change the actors' cost-benefit calculations and destabilize the target regime by (1) making revolt rewarding for the opposition, and (2) reducing the government's relative gain of striking a deal with the opposition (compared to repressing the opposition).

My theory is based on McGillivray and Smith's influential argument that leadership turnover is associated with volatility in interstate relations and may lead to the restoration of previously failed cooperation, but differs from their leader-specific punishment theory in the sense that they borrow the framework of repeated prisoners' dilemma—a reasonable general model of international cooperation, while I incorporate leader-contingent sanctions into the standard bargaining model where players go to war if bargaining breaks down. Their focus is on how the prospect of leadership turnover changes incumbent leaders' short-term incentives to defect from international cooperation, while my theory is about how leader-contingent sanctions motivate domestic opposition to oust an incumbent leader. In other words, McGillivray and Smith study implications of leadership turnover on international cooperation, whereas this article explores how leadership turnover is accomplished through leader-contingent sanctions.

2. The model

Consider a Government G and an Opposition or a Rival group R who engage in ultimatum bargaining over some benefits worth π to each side. Substantively, Opposition or Rival can refer to any domestic group that has conflicting interests with the incumbent government. It could be either a faction of elites within the regime or an organized rebel group outside the regime. There is a Foreign state F that can impose sanctions on whoever is in power in order to destabilize or drive policy changes within the target. The sequence of moves is as follows: (1) Government makes an offer, x, to Opposition, (2) Opposition decides whether to accept the offer, and (3) Foreign chooses a level of sanctions, s, after observing the bargaining outcome between domestic actors. The severity of sanctions is $s \in [0, 1]$, which captures the proportion of π taken away by sanctions. As a result of sanctions, the offer that Government can make to Opposition is $x \in [0, (1-s)\pi]$.

Government and Opposition interact based on their expectations about the level of sanctions that Foreign is going to choose. Government moves first by making an offer $x \in [0, (1-s)\pi]$ to Opposition. Opposition then chooses to either accept the offer and end the game in a negotiated settlement, or reject, leading to war. War is a costly lottery where the winner takes the whole pie.

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Label Opposition's decision on whether to accept the offer as $a \in \{0, 1\}$, where $a = 1$ means that Opposition accepts. If Opposition accepts the offer, the actors receive the payoffs of

$$u_G(a = 1) = (1 - s)\pi - x$$
$$u_R(a = 1) = x$$

If Opposition rejects the offer, it revolts and a war occurs.[7] There is a probability p that Opposition removes Government from power, and there is a probability $1 - p$ that Government defeats Opposition.[8] Denote $\omega \in \{0, 1\}$ as the outcome of the war, where $\omega = 1$ means that Opposition removes Government from power. War generates a positive cost c to both Government and Opposition. To restrict attention to the most interesting cases, I assume that $c < p\pi/2$, i.e., the costs of war are sufficiently small relative to the stake of the disputed issue. The actors' expected payoffs for war are

$$u_G(a = 0) = (1 - p)(1 - s)\pi - c$$
$$u_R(a = 0) = p(1 - s)\pi - c$$

The following specifies domestic actors' payoffs, which are determined by the level of sanctions, s, chosen by Foreign.

$$u_G(s) = a\underbrace{[(1 - s)\pi - x]}_{\text{peace}} + (1 - a)\underbrace{[(1 - p)(1 - s)\pi - c]}_{\text{violence}}$$
$$u_R(s) = a\underbrace{x}_{\text{peace}} + (1 - a)\underbrace{[p(1 - s)\pi - c]}_{\text{violence}}$$

Foreign moves last by choosing the severity of sanctions $s \in [0, 1]$ after observing the bargaining outcome between domestic actors. Thus, Government and Opposition interact based on their expectations of Foreign's sanction decision. The value of imposing sanctions on whoever is in power for Foreign is given by the smooth function $B(s)$. Sanctions can be costly for the sender country,[9] and the cost of sanctions to Foreign is given by the smooth function $C(s)$.

Foreign's choice of s depends on the bargaining outcome between domestic actors. Sanctions are leader-contingent in the sense that the benefit of imposing sanctions for Foreign is different when Government is in power than when Opposition replaces Government. To keep the model concise, in the main text I focus on the most special case, assuming that Foreign benefits from sanctions *only* when Government is in power. That is, $B(s)|_{a=1} = B(s)|_{a=0,\omega=0} > 0$ and $B(s)|_{a=0,\omega=1} = 0$. I move to the more general case where Foreign also benefits from sanctions, but to a lesser extent, when Opposition comes into power in Appendix A.

[7]In Appendix E, I give Government the option of stepping down and voluntarily relinquishing power if its offer is rejected by Opposition in order to avoid the costs of fighting.

[8]In practice, sanctions can cause war by weakening the target's military capabilities. In this article, however, I assume that sanctions have no effect on Government' s relative power in order to highlight how the contingent nature of sanctions leads to bargaining failure without having the effect of sanctions on the target's relative power as a confounding factor.

[9]The costs of sanctions include the loss of trade volumes, increasing oil prices, the subsequent backlash among affected firms and interest groups, and bad reputation on the international stage for toppling an already vulnerable economy and creating humanitarian crises (Özdamar and Shahin, 2021).

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Foreign chooses an s that maximizes the following:

$$u_F(s) = a\underbrace{(B(s) - C(s))}_{\text{peace}} + (1-a)\overbrace{[(1-\omega)\underbrace{(B(s) - C(s))}_{\text{Gwins}} + \omega\underbrace{(-C(s))}_{\text{Rwins}}]}^{\text{violence}}$$

which could be rearranged to

$$u_F(s) = [a + (1-a)(1-\omega)]B(s) - C(s)$$

where $B(s)$ is continuously differentiable, strictly concave, and strictly increasing in s, i.e., $B'(s) > 0$ and $B''(s) < 0$. In addition, $C(s)$ is continuously differentiable, strictly convex, and strictly increasing in s, i.e., $C'(s) > 0$ and $C''(s) > 0$. I assume that $B'(0) > C'(0)$ and $B'(1) < C'(1)$ so that we can focus only on interior solution.

To summarize, the timing of the game is as follows:

1. Government makes an offer, x.
2. Opposition, after observing the offer, x, decides whether to accept the offer or to fight, which unseats Government with probability p.
3. After seeing how the domestic conflict unfolded, Foreign chooses s, the level of sanctions imposed on whoever holds power.

The solution concept that I use is Subgame Perfect Nash Equilibrium (SPNE). An equilibrium profile consists of (1) offer made by Government, x^*, (2) Opposition's choice over whether to accept, labeled as a^*, and (3) Foreign's sanction choice, s^*. I assume that Government chooses to buy off Opposition when it is indifferent between peace and war, and Opposition chooses to accept when it is indifferent between accepting and rejecting.

2.1 Comments on the model

Before proceeding to equilibrium analysis, I first discuss some key aspects of the model.

2.1.1 Contingent nature of sanctions

One key aspect of the model appears that Foreign's value for imposing sanctions varies across regimes—the value of imposing sanctions when Government holds office is different from that after Opposition comes into power. I call sanctions targeted at a particular regime *leader-contingent*. The essence of leader-contingent sanctions is that the sender country imposes a certain level of sanctions when a particular leader is in power, while lift all or a part of sanctions after the rival regime is replaced by a more friendly one. Here arise two questions: (1) how does the sanctioning body benefit from regime change, and (2) how can the sender country credibly commit to maintain sanctions in place if the rival regime manages to stay in power?

Benefits of Regime Change. There are four major benefits that Foreign could gain from regime change. First, the establishment of a regime with similar ideological and policy preferences allows Foreign to restructure alliances (Siverson and Starr, 1994). A friendly regime would help Foreign to encounter regional security threats. For example, the United States and Britain jointly toppled the democratically elected Iranian Prime Minister Mohammed Mossadegh in 1953 and restored Shah Mohammed Reza Pahlavi to the throne. Shah was a valuable ally to the US until 1979 (Walt, 2018). Second, Foreign imposes regime change in order to oust leaders that provide safe havens and sponsorship to terrorists. US military actions in Afghanistan against the Taliban regime (Walt, 2018) and in Libya against Gaddafi (Finn, 2011) were driven by anti-terrorism. Third, promoting democracy and improving human rights has become a primary reason why western countries instigate regime change since the end of the Cold War (Hufbauer *et al.*, 2007). The most renowned case of this nature is South Africa: the US imposed sanctions on South Africa in order to end the apartheid rule by the white minority government. Fourth, Foreign pushes for regime change in order to protect its overseas assets. One reason why the US sought to overthrow the Allende regime in Chile was the constitution amendment that authorized the expropriation of mining companies owned by US corporations (Office of the Historian, 2022).

To capture the idea that potential security or economic concerns no longer exist after a friendly regime comes into power, I assume that Foreign no longer benefits from sanctions after Government is replaced by Opposition, i.e., $B(s)|_{a=0,\omega=1} = 0$. This is a simplifying assumption because regime change does not always guarantee that Foreign's policy demands are satisfied. Foreign may still benefit from punishing the new leader and thus reimpose sanctions if the leader fails to implement policies required by Foreign. However, the core of this assumption is to reflect the fact that Foreign's sanctions policies change as leadership turnover goes on, and Opposition can benefit from this potential adjustment in Foreign's sanctions policies. In Appendix A, I relax the assumption $B(s)|_{a=0,\omega=1} = 0$, and show that the core mechanisms still hold if Foreign still sees some value in imposing sanctions after leadership turnover, therefore lowering the level of sanctions rather than remove them after a different regime assumes office.

Instead of having Foreign move first, I make them the last to move in order to take into account commitment to sanctions by sender countries. Even if a sender country can impose some sanctions before bargaining between domestic actors begins, it is likely to change its sanction policies after observing the bargaining outcome. Since full commitment cannot be taken for granted in practice, having Foreign move last allows us to take into consideration the potential adjustment in the sender country's sanction policies throughout the bargaining process. The model is more succinct if Foreign moves last, and results of the model will not change if Foreign is the first mover.

Benefits of Punishing a Rival Regime. Sanctions can be called leader-contingent only when the sender country demonstrates credible commitment to keeping sanctions in place whenever the target leader is in power. What motivates the sender country to maintain sanctions on a rival regime in place? Benefits of punishing a rival regime stem from constraining the target's ability to project power both domestically and internationally. For example, although failing to remove Saddam Hussein from power, the US along with its allies maintained sanctions on Saddam Hussein's regime in order to deprive the regime of the ability to reinforce its military power, repress domestic opposition, and pursue weapons of mass destruction which incited instability in the region (Pollack, 2002). As another example, following Russian invasion of Ukraine, the US in partnership with allies took expansive economic measures that target the core infrastructure of the Russian financial system. Sanctions may not be able to stop Putin's aggression, but "will fundamentally imperil Russia's ability to raise capital key to its acts of aggression: these actions are specifically designed to impose immediate costs and disrupt and degrade future economic activity, isolate Russia from international finance and commerce, and degrade the Kremlin's future ability to project power (US Department of the Treasury, 2022, 1)."

In the main text, I assume that Foreign does not care about whether civil violence occurs or not. Foreign cares only about whether the target leader is ousted, and as long as the hostile leader stays in power, Foreign's payoff for sanctions remains the same regardless of whether Government reaches a settlement with Opposition or violently repress Opposition. This assumption helps to isolate the effect of the leader-contingent nature of sanctions. In Appendix B, I show that the fact that Foreign values negotiated settlement and the level of sanctions Foreign imposes following negotiated settlement is different from that following repression does not undermine my theory.

I also assume that Foreign's benefit from punishing a rival government is independent of the government's relative power. In Appendix D, I present an extension in which Foreign's benefit from punishing a rival government strictly increases in the government's relative power vis-à-vis opposition forces—the stronger the government, the more Foreign benefits from punishing it.

2.1.2 Sanctions reduce government's total income

Sanctions may affect the target regime, domestic opposition, and average populations in many ways, while this model pays particular attention to cases where sanctions reduce leaders' ability to obtain external patronage rents. Formally, sanctions shrink the overall size of pie that the incumbent government could use to buy off opposition groups. According to Hufbauer *et al.* (2007), there are two major ways in which a sender country tries to inflict cost on a target: financial sanctions, i.e., impeding the flow of finance, and trade embargoes, i.e., limiting imports and/or exports. Financial sanctions include the suspension and withdrawal of aid and loans, as well as asset freezes, which lead to decreases in the target's external revenue. Consequences of trade embargoes include losses of overseas markets, lower prices received for sanctioned exports, denial of imports, and higher prices paid for substitute imports. Financial sanctions are used alone or in combination with trade controls in about 75% sanction cases (Hufbauer *et al.*, 2007). They gain more popularity than trade embargoes within sanctioning bodies partly because senders hope to avoid injury to general populations—primary victims of financial sanctions are elites themselves, while all of elites, private sectors, and ordinary citizens may suffer from trade restrictions.

2.1.3 Government is the victim of sanctions

It has been under debate whether it is the target regime or general populations in the target country that mainly absorb costs of sanctions. Some argue that sanctions can hardly hurt elites because faced with sanctions, elites can adopt more repressive strategies, e.g., erode democratic freedoms and expropriate private assets, to pass the cost of sanctions to populations and remain insulated from the coercion (Peksen and Drury, 2010; Teorell, 2010; Oechslin, 2014). However, this happens in some cases, e.g., the Smith government in Rhodesia and the Sandinista regime in Nicaragua, while not in others, e.g., Goulart in Brazil and Amin in Uganda. Comprehensive trade embargo imposed by the Reagan administration on the Sandinista government had minimal impact because target industries were owned by private sectors and people that were hurt the most were Nicaraguan businessmen. This was why financial measures had to be adopted later on (Leogrande, 1996). On the contrary, the US's trade ban on Uganda mainly hurt the Amin regime because coffee exports were controlled by the government-owned Coffee Marketing Board (Escribà-Folch and Wright, 2015). Whether sanctions hurt elites or citizens more is determined by leaders' coercive capacity, to what extent the target is economically dependent on the sender, as well as whether the target could find viable substitutes. This article does not deny that average citizens suffer, and sometimes more than elites do, from sanctions. While most existing work underscores the suffering of average populations as a key driving force of riots and violence following sanctions, this article shows that even if the government is the victim, the contingent nature of sanctions still creates incentives for opposition to revolt as they benefit from the removal of sanctions.

In Appendix C, I relax the assumption that sanctions do not hurt domestic opposition or average populations. The results show that Opposition revolts only if it is not hurt heavily by sanctions—the more Opposition suffers from sanctions, the less likely bargaining breaks down. The intuition behind is that Opposition will not find the removal of sanctions rewarding if it is hurt so much by existing sanctions that even the removal of sanctions cannot compensate for its current losses. The more Opposition suffers from sanctions, the lower its reservation value is, and the easier it is to buy off.

3. Mechanisms of bargaining failure

This section presents two mechanisms—the Depletion Mechanism and the Instigation Mechanism—by which leader-contingent sanctions lead to violent conflict. Before talking about the mechanisms of bargaining failure, I first discuss Foreign's sanction choice and show that punishing a rival regime is incentive-compatible for Foreign.

3.1 Foreign's choice

If Opposition revolts and overthrows Government, Foreign will not impose sanctions as the threat posed by Government is gone and sanctions are no longer beneficial. If the game ends in negotiated settlement or Government's victory, Foreign will impose $s^{\dagger}$ which solves

$$s^{\dagger} \in \underset{s \in [0,\, 1]}{\operatorname{argmax}}\, B(s) - C(s) \tag{1}$$

The first-order condition is

$$B'(s) = C'(s) \tag{2}$$

By the assumption that $B'(0) > C'(0)$ and $B'(1) < C'(1)$, the solution is interior, i.e., $s^{\dagger} \in (0,\ 1)$. When $B'(0) \leq C'(0)$, we have $s^{\dagger} = 0$. This suggests that when the cost of sanctions is exceedingly high, Foreign will never impose sanctions. When $B'(1) \geq C'(1)$, we have $s^{\dagger} = 1$. That is, when the cost of sanctions is negligible compared to the benefit, Foreign will always choose the highest level of sanctions. Given the assumption that $B(\cdot)$ is concave and $C(\cdot)$ is convex, the second-order condition is satisfied. Foreign's sanction choice is summarized in the following lemma.

Lemma 1 For Foreign, there exists an optimal choice of sanction level, s^{*}, such that

$$s^{*}(a,\, \omega) = \begin{cases} s^{\dagger} & \text{if } a = 1 \text{, or } a = 0 \text{ and } \omega = 0 \\ 0 & \text{if } a = 0 \text{ and } \omega = 1 \end{cases} \tag{3}$$

If Opposition rejects the offer and wins the war, Foreign will choose $s^{*} = 0$. If Opposition accepts the offer or rejects the offer and loses the war, Foreign will impose $s^{*} = s^{\dagger}$.

To summarize, imposing leader-contingent sanctions is incentive-compatible for Foreign if (1) Foreign benefits from punishing the hostile Government, (2) Opposition's coming into power makes sanctions no longer beneficial for Foreign, and (3) Foreign absorbs some but not exceedingly high costs of sanctions. It is noteworthy that Foreign's optimal choice over sanction level, s^{*}, is solely determined by the benefit and the cost of imposing sanctions, which are exogenous in this model.

3.2 Benchmark

My theory extends the classic bargaining framework of Fearon (1995). This is the most widely accepted theoretical framework that is applied to the studies of civil conflict. By taking Fearon's model as a control and the introduction of sanctions as a treatment, I seek to isolate the all-else-equal effect of sanctions. The only difference between my model and Fearon's ultimatum game is the introduction of sanctions. Adding only sanctions to the model excludes all other confounding factors and helps us see clearly how the imposition of sanctions renders the bargaining environment different. My model illuminates two possible treatment effects, one mechanical and one strategic, of sanctions, and thus could be understood from an experimental perspective as an explication of causal mechanisms (Paine and Tyson, 2020).

In the following analysis, I first present the equilibrium profile of Fearon's benchmark. Then, I discuss how the introduction of sanctions makes the bargaining environment and the equilibrium outcome different, and present the two mechanisms—the Depletion and the Instigation Mechanisms—by which leader-contingent sanctions cause the outbreak of political violence. The offer that Government makes in equilibrium is denoted as $x^\star$, and Opposition's decision on whether to accept the offer is denoted as $a^\star \in \{0, 1\}$, where $a^\star = 1$ means that Opposition accepts the offer in equilibrium. Both $x^\star$ and $a^\star$ depend on Foreign's sanction choice in equilibrium, $s^\star$.

Recall that the timing of the baseline model in Fearon (1995) is as follows: (1) Government moves first by making an offer, x; and (2) Opposition decides whether to accept the offer. Political violence is a costly lottery which unseats Government with probability p and imposes a cost c on both Government and Opposition.

In the two-stage game of Fearon (1995), without incomplete information and commitment problem, the game always ends in negotiated settlement. In other words, since being *ex post* inefficient, war can always be avoided. Specifically, at the 2nd stage, Opposition's reservation value, i.e., $p\pi - c$, is always smaller than Government's total income, i.e., π, so Government could always provide enough to appease Opposition. At the 1st stage, given that war is costly, it is always optimal for Government to make the offer that leaves Opposition indifferent between accepting and rejecting. The equilibrium profile is presented in the following lemma.

Lemma 2 Consider the bargaining model in Fearon (1995) as a benchmark. The equilibrium profile is

$$\begin{aligned} x_0^* &= p\pi - c \\ a_0^* &= 1 \end{aligned} \tag{4}$$

In the benchmark, Government buys off Opposition by making an offer equal to Opposition's reservation value, and Opposition accepts the offer. The game ends in peace.

3.3 The depletion mechanism

Next, I discuss how leader-contingent sanctions change the dynamics of bargaining between domestic actors. Sanctions targeted only at Government create incentives for Opposition to revolt by making revolt rewarding. There are two channels through which sanctions cause bargaining to break down—the Depletion Mechanism and the Instigation Mechanism. This part focuses on the Depletion Mechanism, which suggests that as a consequence of sanctions, Government does not have sufficient resources to buy off Opposition. Alternatively, Government's external revenue is depleted by sanctions. Same as in the benchmark, Opposition accepts any offer $x \in [0, (1-s)\pi]$ that satisfies

$$x \geq p\pi - c$$

As a result of sanctions, the total amount of revenue that Government has is $(1 - s^\dagger)\pi$. Government cannot buy off Opposition even by making the largest possible offer if

$$p\pi - c > (1 - s^\dagger)\pi$$

which could be rearranged to

$$s^\dagger > 1 - p + \frac{c}{\pi} \equiv s_D \tag{5}$$

By the assumption $c < p\pi/2$, we have $s_D < 1$.

Proposition 1 **Depletion Mechanism.**
When $s^{\dagger} > s_D$, civil violence occurs through the Depletion Mechanism. The equilibrium profile is

$$\begin{aligned} x_D^*(s^{\dagger}) &\in [0, (1-s^{\dagger})\pi] \\ a_D^*(s^{\dagger}) &= 0 \end{aligned} \tag{6}$$

When the Depletion Mechanism is at work, Opposition rejects any offer made by Government as sanctions cut Government's total income to the extent that Government is unable to buy off Opposition even by making the largest possible offer.

Proposition 1 suggests that when sanctions imposed by Foreign are tougher than the threshold s_D, Government's external income is depleted by sanctions. Alternatively, the largest possible offer that Government is able to make is lower than Opposition's reservation value. There is a continuum of equilibria in which Government offers $x_D^*(s^{\dagger}) \in [0, (1-s^{\dagger})\pi]$, and is rejected by Opposition. The effect of sanctions under the Depletion Mechanism is mechanical: sanctions are so tough that they mechanically deplete Government's ability to buy off Opposition. Next section moves to a less intuitive mechanism, the Instigation Mechanism, under which sanctions instigate Government to strategically resort to violence.

3.4 The instigation mechanism

This part turns to the Instigation Mechanism, which implies that sanctions can instigate Government to go to war even if it has sufficient revenue to buy off Opposition. As sanctions become more severe but not to the extent that Government cannot afford to buy off Opposition, Government has to offer a larger proportion of its total income in order to appease Opposition. This shrinks the benefit of negotiated settlement relative to war for Government. As a result, Government prefers to fight in the hope of holding the entire pie (although the pie is still cut by sanctions) rather than share a large proportion of the pie with Opposition.

Consider Government has sufficient revenue to buy off Opposition. Since offering Opposition's reservation value, i.e., $p\pi - c$, is enough to induce Opposition to accept, Government has no incentive to propose anything larger than $p\pi - c$. Offering anything below $p\pi - c$ leads to civil violence. Government thus faces a choice between appeasing Opposition by offering $x = p\pi - c$ and going to war by offering any $x < p\pi - c$. Government prefers to go to war rather than buy off Opposition if

$$(1-p)(1-s^{\dagger})\pi - c > (1-s^{\dagger}-p)\pi + c \tag{7}$$

The left-hand side of Equation (7) is Government's expected payoff for war. The right-hand side of the equation is Government's payoff for appeasing Opposition by offering $x = p\pi - c$. Equation (7) could be rearranged to

$$s^{\dagger} > \frac{2c}{p\pi} \equiv s_I \tag{8}$$

By the assumption $c < p\pi/2$, we have $s_I < 1$.

Proposition 2 **Instigation Mechanism.**
When $s_I < s^{\dagger} \leq s_D$, bargaining breaks down through the Instigation Mechanism. The equilibrium profile is

$$\begin{aligned} &x_I^*(s^\dagger) \in [0, p\pi - c) \\ &a_I^*(s^\dagger) = 0 \end{aligned} \tag{9}$$

When the Instigation Mechanism is at work, although having sufficient revenue to buy off Opposition, Government prefers to fight against rather than appease Opposition as reaching a negotiated settlement requires that Government share a large proportion of its revenue with Opposition.

Compared to negotiated settlement, war produces a benefit worth $ps^\dagger\pi - 2c$ to Government. Government finds it optimal to fight if this benefit is positive, i.e., $ps^\dagger\pi - 2c > 0$. This happens when $s^\dagger$ is above the threshold s_I. In this case, Government is able to buy off Opposition but prefers to go to war. With Opposition's reservation value uninfluenced by sanctions, as sanctions cut a larger share of Government's income, Government has to offer a larger proportion of its total revenue to appease Opposition—the relative gain of negotiated settlement decreases as sanctions become more severe. Therefore, the more Government suffers from sanctions, the more it benefits from excluding Opposition and seizing the whole pie. Again, as shown in Proposition 2, there is a continuum of equilibria in which Government offers any $x \in [0, \; p\pi - c)$, and is rejected by Opposition. Unlike the Depletion Mechanism under which sanctions mechanically deprive Government of the ability to buy off Opposition, the Instigation Mechanism illustrates the strategic effect of sanctions: Government can afford to reach a settlement with Opposition but strategically chooses to fight because of sanctions.

The relationship between s_I and s_D determines the minimum level of sanctions necessary to provoke conflict. Comparing s_I with s_D, we have $s_D > s_I$ if and only if

$$c < \frac{p(1-p)\pi}{2-p} \equiv c^*$$

Otherwise, we have $s_D \leq s_I$. To summarize, leader-contingent sanctions will lead to the outbreak of violent conflict if

$$s^\dagger > \underline{s}^\dagger \equiv \begin{cases} s_I & \text{if } c < c^* \\ s_D & \text{if } c \geq c^* \end{cases}$$

indicating that when the war costs suffered by Government and Opposition are below a certain threshold, the sanctioner must impose more than s_I to provoke conflict; while when the war costs are above the threshold, the sanctioner must impose more than s_D to provoke conflict. Table 1 summarizes the treatment effect of leader-contingent sanctions when the war costs are below the threshold, i.e., $c < c^*$. In this case, the Instigation Mechanism works if $s_I < s^\dagger \leq s_D$, and the Depletion Mechanism works if $s^\dagger > s_D$.

Compared to the benchmark, after sanctions are imposed, Opposition's reservation value remains the same, while the largest possible offer that Government can make reduces from π to $(1-s)\pi$. This leads to the Depletion Mechanism. Given that Government has sufficient revenue to buy off Opposition, the introduction of sanctions decreases Government's payoff for negotiated settlement by $s\pi$ and decreases Government's expected payoff for war by $s(1-p)\,\pi$. The fact that Government's payoff for negotiated settlement decreases faster than its expected payoff for war yields the Instigation Mechanism. In the benchmark, Government's payoff for settlement is higher than that for war, but after sanctions are introduced, which lead to more reduction in Government's payoff for peace, there may exist a threshold s_I such that when sanctions are tougher than the threshold, Government's expected utility for war exceeds that for peace. Sanctions appear to be the single factor added to Fearon's benchmark, and all other aspects of the

Table 1. Treatment effect of sanctions ($c < c^*$)

	Benchmark	Sanctions		
	No sanction	*Depletion*	*Instigation*	*Null*
		$s_D < s^\dagger \leq 1$	$s_I < s^\dagger \leq s_D$	$0 \leq s^\dagger \leq s_I$
x^*	$x_0^* = p\pi - c$	$x_D^*(s^\dagger) \in [0,\ (1 - s^\dagger)\pi]$	$x_I^*(s^\dagger) \in [0,\ p\pi - c)$	$x_N^*(s^\dagger) = p\pi - c$
a^*	$a_0^* = 1$	$a_D^*(s^\dagger) = 0$	$a_I^*(s^\dagger) = 0$	$a_N^*(s^\dagger) = 1$

.

model are held fixed. Therefore, sanctions can be seen as the proximate cause of bargaining failure.

It is worth noting that sanctions will only cause bargaining failure through the Instigation Mechanism if they cannot cause bargaining failure through the Depletion Mechanism, because only if there is at least one proposal that Opposition is willing to accept will Government have a choice between appeasing Opposition and fighting. Therefore, if $c \geq c^*$, which is equivalent to $s_D \leq s_I$, then sanctions can only lead to bargaining failure through the Depletion Mechanism. In practice, it is difficult to observe whether the Depletion or the Instigation Mechanism is at work. Nevertheless, it is still theoretically valuable to distinguish between the two mechanisms because the driving factors for bargaining failure are different in the two mechanisms, and we cannot understand their practical differences until we understand them conceptually. In the Depletion Mechanism, Opposition is the one that finds war more beneficial than peace because the contingent nature of sanctions makes war rewarding for Opposition. In the Instigation Mechanism, Government is the one that prefers to fight rather than settle with Opposition because Opposition's high reservation value requires Government to make enormous concessions in a settlement.[10]

The credibility of sanctions is important to their effectiveness. Recall that sanctions can be called leader-contingent only if two conditions are met: (1) Foreign keeps sanctions in place when Government holds power, and (2) Foreign lifts sanctions after Government is replaced by Opposition. Sanctions cannot lead to leadership turnover if Foreign cannot credibly commit to maintain the level of sanctions that is necessary for the two mechanisms to work whenever Government stays in power. Remember that the credibility constraint for sanctions to cause bargaining breakdowns is

$$s^\dagger > \underline{s}^\dagger \equiv \min\{s_D, s_I\} \tag{10}$$

Comparative statics show that both s_D and s_I are decreasing in p—lighter sanctions are necessary to provoke conflict when domestic opposition is strong. As p increases, s_D becomes smaller, meaning that lighter sanctions are necessary for violence to occur through the Depletion Mechanism. This is because Opposition's reservation value increases in p. If the level of sanctions remains constant, it becomes more likely that Opposition's reservation value will exceed Government's total income as p increases. When Opposition is weak, even the strongest sanctions cannot motivate Opposition to revolt, because Government always has sufficient resources to buy off Opposition. Similarly, s_I is also decreasing in p, indicating that as Opposition becomes stronger, milder sanctions are necessary for violence to occur through the Instigation Mechanism. This is because as Opposition gets stronger, it has a higher reservation value and becomes more difficult to appease. As a result, Government has to offer more to appease Opposition, and the benefit of a negotiated settlement for Government decreases. In sum, the stronger the Opposition, the

[10]Appendix E shows that the two mechanisms by which sanctions lead to violent political conflict are still valid if Government has the option of peacefully relinquishing power. Only when the costs of fighting are high enough and the sanctions are harsh enough will peaceful transitions of power be possible.

lighter the sanctions needed to cause bargaining failure through both the Depletion and the Instigation mechanisms.

Lemma 3 Both s_D and s_I are strictly decreasing in p, indicating that as Opposition becomes stronger, lighter sanctions are necessary to cause bargaining failure through both mechanisms. Therefore, strong opposition forces contribute to the effectiveness of sanctions aimed at leadership turnover by relaxing Foreign's credibility constraint.

Lemma 3 provides an explanation for why sanctions are sometimes complemented by military intervention: military action further weakens the target regime, making the credibility constraint easier to satisfy and sanctions less likely to fail because of commitment problems.

4. Applications

This section uses specific cases to illustrate the mechanisms presented by the model. Western sanctions on Uganda and the ouster of Idi Amin demonstrate that sanctions incite coups and destabilize a regime by undermining the target leader's ability to strike a deal with her key supporters. The case of the Dominican Republic shows that sanctions contribute to the ouster of an unfavorable leader by making revolt rewarding for internal opposition factions. Failed attempts at regime change in Iraq demonstrate that sanctions cannot cause leadership turnover when domestic opposition is weak and fragmented.

4.1 Uganda

Sanctions against Uganda under Idi Amin illustrate how sanctions destabilize a regime by undermining the target leader's ability to strike binding deals with key stakeholders within the regime. Foreign economic pressure against Amin began in 1972 (Escribà-Folch and Wright, 2015). The pressure first came in the form of suspensions of loans and aid programs. The British and Israeli governments suspended arms sales and economic and military aid. The British also withheld loans, and the US withdrew all aid after Amin sent a telegram to the United Nations applauding the massacre of the Israeli athletes at the Munich Olympics in September 1972 (Ravenhill, 1974). Because of the regime's dependence on coffee exports for obtaining foreign exchange, the US Congress called for sanctions on Uganda's coffee industry in 1977, and President Carter signed a total trade ban in October 1978, accompanied by other financial restrictions (Nurnberger, 1982).

The withdrawal of loans and foreign aid in the early 1970s had already undermined military support for Amin within the regime, "as fewer resources for patronage became a source of indiscipline and discontent (Escribà-Folch and Wright, 2015, 147)." The coffee boycott further contributed to the military's waning support. By the late 1970s, coffee sales had accounted for almost all of Uganda's exports, and coffee purchases by the US and its allies accounted for 73% of Uganda's total export earnings(Nurnberger, 1982). Since Western countries absorbed the overwhelming majority of Uganda's coffee exports (Miller, 1980), sanctions imposed by the West caused Amin to lose a significant portion of his foreign revenue, drastically undermining Amin's ability to control his army: "a shrinking pie intensified squabbles among those who wanted a share of the spoils (Economic and Political Weekly, 1979, 908)."

Faced with dwindling support and mounting pressure from his own military, Amin first used a series of promotions to retain the loyalty of his military officers. In 1975-1976, the country was divided into 10 provinces, and each of Amin's top officers was given his own province (Economic and Political Weekly, 1979). As promotions became overused, they gradually lost their effectiveness (Omara-Otunnu, 1987). In November 1978, troops loyal to Mustafa Adrisi—then Uganda's vice president, the military's second-in-command, and one of Amin's closest associates—

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mutinied after Adrisi was injured in a suspicious car accident that was believed to be a failed assassination attempt orchestrated by Amin. The uprising quickly spread to other military factions, such as the Simba and Chui battalions (Escribà-Folch and Wright, 2015). Amin sent troops to put down the revolt, causing some of the mutineers to flee across the Tanzanian border, which may have motivated Amin to invade Tanzania and contributed to the outbreak of the interstate war (Omara-Otunnu, 1987). Although Amin was eventually deposed during the Uganda-Tanzania war, the interstate war occurred because of Amin's decision to invade Tanzania in response to domestic unrest (Chiozza and Goemans, 2011). The sanctions, including the withdrawal of loans and aid programs and the trade embargo, undermined Amin's ability to pay his military by restricting the flow of revenue, which subsequently led to the unrest within the regime.

After Idi Amin was ousted from power and went into exile, Yusuf Lule, former leader of the Uganda National Liberation Front, took office as the president of Uganda. The US welcomed the new regime, which it believed was "totally committed to basic human rights and to the restoration of unity, freedom and democracy", and decided to lift the trade embargo on Uganda and initiate legislative action to authorize economic assistance (Woodroofe and Howard, 2018, 437).

The case in Uganda demonstrates that when a leader's income is highly dependent on foreign aid and trade, the withdrawal of aid and trade restrictions could dramatically hurt the target leader's ability to fund her patronage networks, causing unrest within the regime.

4.2 The Dominican Republic

The case of the Dominican Republic helps to illustrate how the potential lifting of sanctions makes revolt rewarding for opposition forces. In 1960–1962, the US imposed economic sanctions on the Dominican Republic in an attempt to force an end to the Trujillo dictatorship and establish a more democratic government. US policymakers were concerned that the continued existence of the Trujillo dictatorship would lead to "the development of another revolutionary regime in the Caribbean on the model of Castro's Cuba" (Schreiber, 1973, 406). Specific US policy objectives changed as the political movements within the Dominican Republic evolved. Initially, the goal was to end the personalist rule of Rafael Trujillo. After his assassination on May 30, 1961, US policy objectives shifted to eliminating the power of the Trujillo family and its supporters and helping opposition parties gain power. Leverage that the US could use against the Dominican Republic included (1) "trade in arms, petroleum products, trucks, and spare parts" (Schreiber, 1973, 405), and (2) US imports of Dominican sugar—the mainstay of the Dominican economy (Lowenthal, 1970).

When Trujillo was assassinated in May 1961, Joaquín Balaguer was the president of the Dominican Republic. To win the lifting of sanctions and the resumption of full diplomatic relations with the US, President Balaguer publicly condemned Trujillo and embraced democratization by promising personal freedoms and a coalition with opposition parties. His liberalizing gestures angered the Trujillo family and its military supporters. The focus of US policy then shifted to forcing the Trujillo family and its key allies out of the country. Through a series of behind-the-scenes negotiations, the U.S. was able to persuade two of Trujillo's brothers and other Trujillo relatives to leave the country (Schreiber, 1973), paving the way for the formation of a coalition government. On December 19, 1961, President Balaguer and the opposition agreed to create an interim Council of State, with Balaguer as its president, to govern until elections could be held in December 1962. After the Council of State took office in January 1962, the US resumed full diplomatic relations with the Dominican Republic, which opened the door to the purchase of 315,987 tons of sugar from the Dominican Republic during the first half of 1962—the quota that would have originally gone to Cuba (New York Times, 1962b). The US also promised to send a high-level economic assistance mission (Lowenthal, 1970).

On January 17, 1962, Air Force Major General Rodriguez Echavarria, dissatisfied with the establishment of the Council of State, staged a coup d'état by arresting several members of the

Council of State. This led to a strong US response: the US threatened to suspend the resumption of diplomatic relations, to block the increased sugar quota, and to withhold economic aid unless the Council was restored to power (New York Times, 1962c). Calling the coup d'état a step backward, the US made it clear that it wouldn't allow the coup to succeed (New York Times, 1962a). Within two days, General Rodriguez Echavarria was arrested by another military faction and exiled to the US, and the Council of State was reinstalled. A desire for good diplomatic and economic relations with the US motivated the military faction to initiate the counter-coup (Schreiber, 1973).

After the Council of State, headed by Rafael Bonelly presiding, took control of the country following the resignation of President Balaguer, the US restored diplomatic and commercial relations with the Dominican Republic—trade restrictions on petroleum products, trucks, and spare parts were lifted. In addition, the US announced the granting of an emergency loan of $ 25 million to save the country from a severe shortage of reserves (Lowenthal, 1970).

US sanctions contributed to the creation of the Council of State and the 1962 elections at three critical moments. First, better relations with the US, in addition to hatred of Trujillo's tyranny and the atrocities of his regime, may have been a motive for the assassination of Rafael Trujillo in May 1961. Second, by suggesting that trade bans on petroleum products, trucks, and spare parts might soon be lifted, the US encouraged President Balaguer to continue his efforts to liberalize the country and cooperate with opposition parties despite the pressure from the Trujillo family and its military allies. President Balaguer might have succumbed to the Trujillo family without the diplomatic and economic rewards promised by the US (Schreiber, 1973). Third, when the coup d'état led by General Rodriguez Echavarria threatened the survival of the Council of State, US threats to rescind the sugar quota increase and withhold economic aid motivated a moderate faction of the military to stage a counter-coup and oust the junta. The core mechanism by which US sanctions against the Trujillo family worked is that the promise of sanction relief made revolt against the Trujillo family rule rewarding for President Balaguer, some moderate military officers, and opposition parties.

4.3 Iraq

In both Uganda and the Dominican Republic, US and western sanctions successfully led to the downfall of the Amin and the Trujillo regimes. Although economic sanctions can help a foreign state to overthrow a regime through internal opposition, such a measure appears to be effective only when opposition groups are viable enough to pose a significant threat to the regime. The model shows that weak opposition groups have no incentive to revolt because they have a low reservation value and are easily satisfied. US policy toward Iraq before 2003 provides an example of how sanctions fail to achieve regime change from within when opposition forces are weak and fragmented.

Every administration in the US since the Gulf War has believed that the Iraqi regime must be changed, but military intervention did not occur until 2003. In the 1990s, the US expected a coup within Saddam's regime that could lead to his ouster and replacement with someone the US could tolerate, and therefore adopted a policy of containment (Coe, 2011). Part of the containment strategy was to impose sanctions on Iraq that would encourage the Iraqi opposition to depose Saddam. The US presented a series of tough demands which Iraq would have to meet in order for the sanctions to be lifted, but Saddam would never voluntarily comply. Sanctions were seen as a viable option that could achieve regime change because they made revolt rewarding. Alternatively, sanctions made internal peace between Saddam and the opposition costly (Coe, 2011). Therefore, more amenable elites within the regime, motivated by the removal of sanctions, had enormous incentives to overthrow Saddam by force.

However, US efforts to unseat Saddam by fomenting coups and revolts within the country failed because of the fragmentation and incompetence of the Iraqi opposition parties. At least eight serious attempts to unseat Saddam were made between 1991 and 1999, but all eight attempts failed (Pollack, 2002). "By 1996, all of the CIA-supported Iraqi opposition groups had been either broken or ejected from Iraq, and by 1999, further attempts were regarded as highly unlikely to be successful. By 2002, waiting for someone to depose Saddam was seen as a recipe for the indefinite continuation of containment (Coe, 2011, 35)." After a decade of trying to remove Saddam from within, and with little in the way of a coherent and competent opposition to rely on, the US no longer saw fomenting internal regime change through sanctions as a realistic option. The failure of the economic approach put military invasion on the agenda.

There is ample evidence that the weakness of the opposition parties was a result of the regime's measures to shift the burden of sanctions to the regions with strong opposition forces (Niblock, 2001) and to tighten its control over society by restricting the distribution of food aid (Woertz, 2019). The model does not explicitly capture the effect of sanctions on the relative strength of the opposition in order to show that even if sanctions have no effect on the relative power of the opposition, they can still instigate leadership turnover. Including the weakening effect of sanctions on opposition forces and society does not invalidate the mechanisms derived from the model. The Iraqi case shows that sanctions are not effective in overthrowing a rival regime when the domestic opposition is weak, and the fact that sanctions contribute to the weakness of the opposition does not undermine this argument.

5. Conclusion

This article addresses the broad question of how third party intervention influences domestic politics, and focuses specifically on the relationship between leader-contingent sanctions—sanctions designed to restrict the flow of revenue to a specific leader—and violent political conflict in target countries. Violent conflict could either be a policy objective strategically pursued by a sanctioning body that hopes to provoke regime change, or a side-effect of sanctions with other aims.

This article proposes a theoretical framework where economic sanctions imposed by a foreign actor change the domestic bargaining environment by shrinking the total amount of revenue that target government can share with domestic opposition. This changes the government's and the opposition's cost-benefit calculations for war and peace, respectively. On the one hand, the expectation that sanctions will be lifted following the overthrow of the government makes revolt rewarding for the opposition, rendering the opposition harder to appease. On the other hand, sanctions reduce the total revenue that the government could use to buy off the opposition, as well as the government's gains from settlement relative to war. This twofold impact yields two distinct mechanisms by which bargaining breaks down as a result of leader-contingent sanctions: the Depletion Mechanism, i.e., sanctions mechanically deplete the government's external revenue so that it becomes unable to buy off the opposition, and the Instigation Mechanism, i.e., sanctions instigate the government to strategically repress rather than appease the opposition, even when the government is able to do so, by reducing the benefit of settlement.

Leader-contingent sanctions cannot provoke conflict if the foreign actor cannot credibly commit to maintain a certain level of sanctions whenever the hostile leader stays in power. My theory builds a connection between such commitment problem and relative strengths of domestic opposition. The credibility of leader-contingent sanctions becomes less of a problem as domestic opposition becomes stronger. As opposition groups get stronger, their reservation value becomes higher and they become more difficult to appease. Since a strong opposition group is more inclined to revolt, the level of sanctions that the sender country needs to impose to provoke conflict when faced with a strong opposition group is lower, and it becomes easier for the sender country to commit to that lower level of sanctions when the government holds power.

This article pushes us to rethink the effect of economic sanctions on regime stability in target countries. Economic coercion rarely exerts as radical and significant influence on the target as

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military intervention does, but the impact of sanctions on the target country's domestic politics may be more profound than we ever expected. My theory suggests that sanctions targeted at one specific leader but not her successor may cause political violence against the leader in two ways—one mechanical and one strategic. Regime instability could either be a desired policy goal or an unintended consequence of sanctions. For countries that deliberately pursue regime change overseas, conditions permitting, it would be a cost-saving and feasible way to achieve the goal of regime change by employing leader-contingent sanctions and enhancing the political effectiveness of a strong and well-organized opposition group. In other words, leader-contingent sanctions destabilize a regime in an invisible way: although sanctions may not directly force the target leader to step down, they reinforce threats posed by domestic opposition to the leader. My theory also provides an explanation for why countries pursuing leadership turnover usually use the economic tool in combination with military tactics[11]. Effects of economic and military interventions are complementary: military deployment serves to strengthen the relative power of domestic opposition, and less sanctions will be needed to depose the target leader as domestic opposition becomes stronger.

Supplementary material. The supplementary material for this article can be found at https://doi.org/10.1017/psrm.2024.13. To obtain replication material for this article, https://drive.google.com/file/d/1WB7_v_IeueCW_06lHWydq735cf-z3DSr/view?usp=sharing

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[11]which is the case in both Uganda and the Dominican Republic.

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