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Paulina Pospieszna
Patrick M. Weber

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V-Dem Institute

Department of Political Science

University of Gothenburg

Sprängkullsgatan 19, PO Box 711

SE 40530 Gothenburg

Sweden

E-mail: contact@v-dem.net

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Carrots or Sticks: The Choice and Impact of EU Democratic Sanctions and Aid¹

Paulina Pospieszna

Assistant Professor

Department of Political Science and Journalism,

Adam Mickiewicz University, Poznan, Poland

paulina.pospieszna@amu.edu.pl

Patrick M. Weber

Doctoral Student, Graduate School of Decision Sciences

Department of Political Science and Public Administration,

University of Konstanz, Germany

patrick.maximilian.weber@uni-konstanz.de

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Abstract

Both the provision of democracy aid and the imposition of sanctions are tools to promote democracy. Yet, it is unclear under which conditions states choose to set positive or negative incentives. In order to answer which tool—democracy aid or democratic sanctions—is more effective, one has to analyse the actual form of the provision of aid. Sanctions and democracy aid can also be employed at the same time. The goal of this study is to determine their joint effect on democratization in recipient countries. We argue that sending civil society aid or democracy aid channeled through NGOs and the civil society when sanctions are in place, enhances the effectiveness of sanctions as a democracy promotion tool because the civil society can be empowered to introduce democratic changes in its country—so additionally to the top-down pressure created by sanctions, there is bottom-up pressure exerted by the civil society. Our results suggest that democratic sanctions are more likely to be successful if democracy aid bypasses the government in a target state. Conversely, other forms of aid provision tend to decrease the effectiveness of sanctions. In order to precisely explain the joint impact of positive and negative incentives on democratization, we employ a new comprehensive dataset on economic sanctions for the period between 1989 and 2015 which integrates and updates the Threats and Imposition of Economic Sanctions and the GIGA sanctions data sets, merged with disaggregated OECD aid data and V-Dem as well as PolityIV democracy scores.

Keywords: sanctions, democracy aid, civil society aid, aid effectiveness, democratization

Introduction

There are different means and instruments of democracy promotion available to states and international organizations in order to pressure other states to democratize or to protect and respect human rights. These tools include more direct forms, such as conditionality, aid, diplomacy, sanctions, and military interventions, or more indirect means such as socialization and ties (Diamond 2016). In general, democracy promotion instruments are designed to have an impact on target groups through encouraging and demanding. In our paper, we aim to test the impact of two democracy promotion tools that the European Union (EU) uses — democratic sanctions and democracy aid. Specifically, we aim to answer the following research questions: *Which tool—democracy aid or democratic sanctions—is more effective if the EU wants to influence the level of democratization in recipient countries? What is the impact of aid on democratic sanctions effectiveness and vice versa? What is the joint effect of democratic sanctions and aid on democracy performance of target states?*

From all democracy tools, the EU is well known for its conditionality. Until recently, the EU's political conditionality was used to be considered as the most effective instrument of the EU to promote democracy (Pevehouse 2002; Pridham 2005; Schimmelfennig, Engert and Knobel 2006; Vachudová 2005). The political conditionality regarding democratization and marketization that the EU for the first time attached to eligibility for pre-accession funds and future membership was a dominant force behind consolidation of democracy in CEE states that joined the EU in 2004 and 2007 (Schimmelfennig and Sedelmeir 2005). Due to the success of the EU's enlargement policy, the Community extended political conditionality to other accessions as well as to countries lying in the EU's immediate neighbourhood—countries that do not have a chance for the EU membership or whose membership lies in the distant future. However, little is known about the effectiveness of democratic sanctions imposed by the EU which also aim to exert pressure and leverage on target countries to democratize.

Moreover, more recent European studies find weaker and inconsistent effects of the EU's democracy promotion conditionality. Schimmelfennig and Scholtz (2008) claim that conditionality without “ties” is less conducive to recipients' democratization. The authors argue that in addition to conditionality (“leverage”) also “linkages”—various socio-cultural political, as well as economic ties—make democracy promotion effective. These ties are part of the socialization process which is also an important instrument for democracy promotion. Freyburg (2015) finds that exposure to democratic practices shapes the attitudes of domestic actors toward democracy. Thus, the level of democracy increases with the intensity of a country's linkages with democratic countries. By focusing on “ties”, Freyburg finds support for the mechanism for democratic diffusion, the existence of which has been well documented in the literature (e.g. Kopstein and Reilly 2000; Gleditsch and Ward 2006).

Democracy aid provides such an opportunity for linkages. It usually appears in the form of activities, programmes and cooperative initiatives that aim to advance and strengthen democracy. For example, democracy assistance in the form of aid projects goes for institution building, independent media, free elections, and civic organizations (Carothers 1999). It is targeted towards key institutions and processes of

democratic governance such as elections (electoral aid), democratic participation and civil society (civil society aid), human rights, and media. The EU as a supranational actor provides aid within the framework of its enlargement policy and various instruments directed towards prospective members and countries in the European neighborhood (Youngs 2009; 2010). However, it should be said that, traditionally, the EU was perceived as an organization that was more engaged in development aid than democracy aid (Carothers 1999). US initiatives have strongly promoted civil society since the early 1990s, while the EU was putting more emphasis on relations with state and elite actors within the future member countries at the expense of engagement with non-state actors (Raik 2006). The EU has been gradually evolving to include instruments aimed at strengthening civil society via support to NGOs within the European Instrument for Democracy and Human Rights (EIDHR), DG DEVCO: Europe Aid, the Civil Society Facility (CSF) to financially support civil society established within the European Neighbourhood Policy (ENP) as well as within the Instrument for Pre-Accession (IPA).

In addition to contributing to EU multilateral aid, EU member states individually have bilateral aid at their disposal within which they finance various programs supporting democracy in other countries. One of the long-term promoters among the EU old member states have been Germany, the Netherlands and the United Kingdom. However, also in 2004, the new EU member states from Central and Eastern Europe became official donors, so-called OECD DAC members, choosing democracy aid as one of their main pillars in bilateral aid provision (Petrova 2014; Pospieszna 2014). Apart from some qualitative efforts (Youngs 2009; 2010), there are no quantitative studies that assess the impact of EU democracy aid.

The question is whether the EU should choose between democratic sanctions and democracy aid in order to enhance democratization in the target countries or rather combine these two different tools. We argue that if the EU wants to pressure a target country's government to democratize, or at least to stop abusive policies and practices, it should impose sanctions and at the same time support the civil society. Sanctions alone may have a desired effect, nevertheless it might be stronger if it is combined with pressure from within. We claim that once civil society and opposition groups receive support, they become empowered and their voice is strengthened by the sanctions put on the government. However, we argue that we should expect the opposite effect of development aid—continuing flows of development aid to governments in recipient countries when sanctions are imposed, undermine the impact of this coercive tool.

We think that studying the joint impact of democratic sanctions and democracy aid on democratization and how these two phenomena affect each other is important for a number of reasons. Both foreign aid and economic sanctions are complementary foreign policy tools (Baldwin 1985). However, few studies have explored how these mechanisms interact with each other in order to influence democratization. The study may yield important new insights into the uses and effectiveness of both forms of democracy promotion. Our study contributes effects of economic sanctions on their targets' democratic development to the general literature studying the impact of sanctions (e.g. Allen and Lektzian 2013; Lektzian and Biglaiser 2014; Peksen 2009) and, more importantly, makes a novel contribution to research on EU democratic sanctions' impact on targets' democratization. The research is also important from a practical perspective and can send an important message to policy-makers.

We find that the imposition of EU sanctions leads to positive changes in democracy scores. However, there is no consistent effect of any kind of aid on the level of democratization. If there is an effect of aid, it is negative. However, when sanctions are combined with non-governmental democracy aid, there is a significantly positive effect. The mechanism which makes non-governmental democracy aid and sanctions together most successful works through simultaneous pressure put on the government and empowerment of the civil society. EU aid is thus more successful in sanctioned states if it is channeled to the civil society. As expected, we also find that general development aid has a negative effect since it strengthens the sanctioned government.

The paper proceeds as follows: in the next section, we review the literature on sanctions and aid, with an emphasis on the results regarding EU sanctions and the effectiveness of aid. In the empirical part, we present our research design, the dataset, and our findings. The final part concludes the paper, discusses limitations and potential for extensions of our study.

I. The Impact of Sanctions and Aid on Democratization

When efforts to persuade diplomatically fail, the pressure on other countries to change their unacceptable behaviour can be increased by threatening or actually imposing costs on a country for violations of democratic norms and human rights. The pressure can take a form of military, cultural, political, economic or financial inducement, depending on the tools available and the aims and purposes of the sanctions (Tostensen and Bull 2002). The aim of such sanctions is to signal, often through economic pressure, that the behavior of the regime (political and/or military) is unacceptable and should thus be punished. Moreover, in addition to weakening the target states and to exert pressure, the goal of sanctions is to politically isolate targets within the international community (Drury and Peterson 2011; Galtung 1967). However, scholars raise the question whether this form of pressure works at all—if and under what conditions leaders are ready to compromise under the pressure applied by sanctions (Art and Cronin 2003; Lindsay 1986; Elliott and Uimonen 1993; Pape 1998).

The most popular definition of “sanctions success” adopted by scholars considers sanctions to be successful, and thus effective, when the target government agrees to comply with sanctions’ demands which would not be considered or even rejected if the sanctions were not imposed. Scholars studying the effectiveness of sanctions considered as a democracy-promotion tool come to the following conclusions: according to Peksen (2009) and Peksen and Drury (2010), economic coercion remains a counterproductive policy tool, even when sanctions are specifically imposed with the goal of improving human rights, as they can backfire and lead governments to commit even more human rights violations. This finding raises the puzzling question why the European Union and the United States have nevertheless frequently implemented sanctions against authoritarian regimes in order to pressure these regimes to democratize. Escribà-Folch and Wright (2010) find the extent to which sanctions influence a non-democratic government depends on

the type of authoritarian rule and that sanctions are more likely to weaken autocrats. Von Soest and Wahman (2015), when focusing on sanctions that explicitly aim to promote democracy, find that although sanctions do not generally increase the level of democracy, there is in fact a significant correlation between those measures that aim at democratization and increased levels of democracy in the targeted authoritarian countries. Sanctions can also prevent the backsliding or the breakdown of democracy in such regimes.

Although scholars find that sanctioned states experience greater democratization (von Soest 2015; von Soest and Wahman 2015; Hufbauer et al. 2007; Marinov 2005; Marinov and Nili 2015; Nooruddin 2002), these studies do not settle the debate about the effectiveness of democratic sanctions, especially EU democratic sanctions. The EU plays an important role in democracy promotion and has relied on what scholars call democratic sanctions since the end of the Cold War. Nevertheless, studies on EU sanctions are very scarce. In fact, we know little about the onset of sanctions, their impact and effectiveness. Only Eriksson (2011), Giunelli (2011), and Portela (2012) have undertaken the systematic effort to explore the determinants of success and failure of EU sanctions. Moreover, the sanctioning policy of this supranational organization faces severe criticism. These objections include the accusations that the EU levies sanctions against the wrong targets and that the effects are either negligible or even counterproductive. In line with Schneider and Weber (2017), we argue that EU democratic sanctions are more likely to have a positive impact on democratization in recipient countries than sanctions imposed by the US or UN. First, we may rather observe democracy sanctions by the EU because target states are more likely to give in when the United States threaten with similar measures. Second, EU democratic sanctions may be driven by more strategic motivations as every new Common Position (which is the legal basis for imposing restrictive measures) requires unanimity from all EU member states in the Council—which lowers the risk that sanctions are ideologically biased. And third, due to the larger aggregated economic power, the EU may offer some tangible incentives in return for complying with the demands which may vary from financial support and aid provision to closer trade relations. Therefore, we believe that the EU democratic sanctions can work, although not necessarily on their own. Moreover, regarding the UN, there are barely sanctions with the goal to promote democracy because the permanent members of the United Nations Security Council—also China and Russia which are no democracies themselves—would have to agree on the imposition of sanctions. Thus, in the empirical part of this paper, we also focus on democracy-related sanctions by the EU.

Although aid may also be driven by noble motivations, particularly in response to humanitarian disasters, it is more likely that self-interested goals follow altruistic goals and strategic interests of donor countries prevail (Alesina and Dollar 2000; Lancaster 2007; Schraeder, Hook, and Taylor 1998). Motivated by self-interest, the government can also employ the provision of aid as a foreign policy tool to achieve non-altruistic objectives such as facilitating economic relations between allies and former colonies, establishing new commercial relations with certain countries, or obtaining some concessions from recipient states (Baldwin 1985; Drury et al. 2005; Heinrich 2013). For example, Alesina and Dollar (2000) find a strong link between the extent of a donor's amount of aid provided to recipient states and economic ties with them.

Governments and international organizations use foreign aid to promote and to influence political and economic developments in foreign states. One of the goals is to enhance democracy in recipient countries. However, in order to understand the impact of aid on democratization, we should rather focus on democracy aid than development aid. The latter is an activity that is foremost given to support the economy in recipient countries. Democracy assistance, however, aims to support democratic processes. Studies of foreign aid and democratic change have found that aid has little effect (Knack 2004) or even detrimental impacts (Licht 2010). The variation across these findings is a consequence of different approaches that researchers have used to identify the causal mechanisms by which foreign aid may impact democratic change. Some scholars study an indirect effect of foreign aid to promote democratization through economic development (Goldsmith 2001; Bermeo 2011; Dunning 2004)—this traditional development aid may indirectly improve democracy performance of the recipient country in the long term but it may also be used to serve a variety of other foreign policy objectives. Thus, it is difficult to evaluate the impact of development aid on democracy. Democracy aid, however, is only intended to support democratization and thus could be more precisely evaluated and traced. Finkel, Perez-Linan and Seligson (2007) as well as Scott and Steele (2011) found evidence that democracy assistance does promote democracy, nevertheless pointing out that relationship between democracy assistance and democratic change is more complex.

Therefore, in order to settle the impact of aid, scholars find it important to focus on channels of aid. Dietrich (2013) argues that it is important to move away from oversimplifying the link between aid flows and outcomes and to consider that aid delivered through non-state actors is likely to have a substantially different impact than aid that goes to governments. Aid donors may choose to bypass uncooperative or corrupt governments in recipient countries, and thus instead of government-to-government aid they channel aid through non-state actors. In case of democracy aid, not all types of democracy assistance can probably be delivered through civil society because technical electoral assistance demands targeting governments (von Borzyskowski 2016; Hyde 2010; Norris 2015, Lührmann 2016). Nevertheless, despite the apolitical character of “bypass democracy aid”², donors’ choice to deliver democracy aid through this channel does not seem to be random.

However, channeling aid to civil society does not bring consistent results as well. Assistance to non-state actors was not always a major component of democracy aid. Donors began to channel democracy aid through NGO programs identified as “strengthening civil society” across the developing and post-communist world in the 1980s and 1990s. The underlying assumption is that NGOs and the civil society are crucial in the transition to and consolidation of democracy, given their expertise, grassroots knowledge and incentives to identify the appropriate projects and beneficiaries. The conflation of NGOs with civil society was not well perceived by first researchers analysing the impact of civil society assistance. They found that Western support for domestic NGOs in post-socialist countries created a distinct civic elite that lacks

² The term “bypass democracy assistance,” which denotes democracy aid being channelled through non-state actors bypassing governments in recipient countries was taken from Dietrich (2013).

ties to other groups and society (Mendelson and Glenn 2002; Henderson 2003). Scholars were questioning the legitimacy given to NGOs, demonstrating a deep disenchantment with the usefulness and promise of organizations, disconnectedness from their own communities as well as their elusive accountability (being more accountable to the donor than to the society) (Beichelt et al. 2014; Ishkanian 2007). Building civil society became the focus of donor support and activities in the country, which facilitated the growth of the non-governmental sector. Still, their approach to domestic issues was donor-driven and project-based. A similar critique was made by researchers studying the Western Balkan countries which were at the centre stage of democracy promotion activities of the donors after war in the 1990s (Belloni 2001; Fagan 2005).

Moreover, in recent times, the civil society has to face this global trend named as “authoritarianism staging a comeback” (Burrows and Stephan 2015), resulting in the reduction of freedom and space for democratic activities and the backlash against promoting democratic development (Cooley 2015), which makes support to civil society organizations even more problematic. Despite the critique mentioned above as well as current limitations with regard to OECD aid data, civil society aid is one of the most popular type of democracy aid (Lührmann, McMann, and van Ham 2016).

To conclude, both evidence for the effect of democratic sanctions and any type of aid is mixed. Whereas we conjecture positive effects of democratic sanctions due to most recent findings, we do not expect to find evidence that democracy aid flows alone improve democracy in recipient countries because we believe that this requires finding a specific mechanism. However, we argue that democracy aid should not be stopped once sanctions appear because we claim that both democratic sanctions and democracy aid can reinforce their impacts—which is why we look at the impact of both and how the interaction between these two affect their common goal: democratization of the target country. Contrarily, general development aid to sanctioned governments undermines the credibility of the imposed sanctions.

II. Linking the Impact of Democratic Sanctions and Aid

There is a growing literature exploring how the imposition of sanctions affects aid. For example, Early (2015) argues that sender states may pressure other countries to reduce or even cut off aid to the states they put sanctions on, or at least to put restrictions on the nature of the aid that donors are offering. Economic sanctions convey negative signals to the international community that stigmatize target states and negative signals to the international community about their targets’ reputations and thus also the risks associated with aiding these countries. Sending aid to sanctioned states may negatively influence donors’ relationships with the sender state. Thus, foreign aid donors should be less inclined to aid sanctioned states than non-sanctioned ones. However, Early and Jadoon (2016) find the opposite—aid recipients tend to receive more foreign aid when they have been sanctioned by the United States. Donors could be motivated to aid sanctioned states in order to protect their commercial interests, even though at the same time it might undermine the success of sanctions. As argued by other scholars, this phenomenon can be explained with

a more practical reason—since donor governments delegate the disbursement of foreign aid to donor agencies, the institutional incentives become more important than strategic ones (Gibson et al. 2005; Hawkins et al. 2006; Swedlund 2017). Suspending aid means that development programs have to be stopped and this in turn can be undesirable and difficult to do for bureaucratic organizations like aid agencies (Brown 2005).

Few studies, however, have explored how foreign aid and sanctions interact with each other in order to influence recipient countries. Lektzian and Souva (2007) find that sanctioning efforts against targets that receive massive aid are less likely to be effective. In other words, sanctions are less likely to be successful when their targets receive extensive amounts of foreign assistance. We believe that this could be the case because development aid is mainly channeled to the government. In other words, if sanctions go in line with a high level of development aid to the government, it nullifies the role of sanctions because sanctions become less credible. We might even expect this combination to have a negative effect on the level of democracy since the past payments might have already strengthened the government which eventually becomes immune to sanctions. Thus, we propose the two following testable hypotheses:

H1. Democratic sanctions imposed by the EU are more likely to lead to higher level of democracy in target countries than EU aid of any type.

H2. Democratic sanctions imposed by the EU are less likely to lead to higher level of democracy in target countries if they are combined with general development aid.

However, we expect to find a different impact resulting from the interaction of democratic sanctions and democracy aid for three reasons. First, the purpose of democracy aid is different than of development aid because democracy aid is given with the aim to help countries democratize in the first place, especially if provided by the EU. By supporting other countries with democratic struggle through various financial instruments and tools, the EU either helps recipient countries to meet EU membership criteria—or in case of countries that do not have prospects of becoming members to spread democratic norms and ensure a stable and secure EU neighborhood. The purpose of democratic sanctions is also more specific than of other sanctions since they are imposed on the grounds of violating democratic norms and practices by the government in the target country. Democracy aid and democratic sanctions have the same goal—to inflict changes on the level of democratization in recipient/target countries—whereas general development aid and sanctions that are not related to democracy promotion do not have this common goal and may thus contradict democratization efforts.

Second, in addition to having the same purpose, both democratic sanctions and democracy aid can reinforce each other—sanctions can weaken the government, whereas aid can strengthen the civil society. EU democratic sanctions provide pressure in target countries to democratize that is top-down, and civil society aid exerts pressure to democratize that is bottom-up. These two tools complement each other. The political elites' engagement in democratization efforts is crucial—in the end, it is up to the elites to make

decisions important for democratization. Scholars even argue that democratization that is bottom-up (when citizens take the right to influence decisions on policy issues and the right to set the political agenda, and when there is an emergence of practices as well as values and norms of interaction between citizens) leads to a higher quality and stability of democratic institutions (van Deth 1999).

Thus, we argue that these two policy tools may have a complementary effect—democracy aid contributes to the success of sanctions when it is channeled to civil society. On the one hand, the EU has a leverage on the target government, and on the other hand, links with the civil society that exerts pressure from within. Critics of sanctions say that they are never effective because they harm the civilian population more than the targeted regimes. However, Marinov (2005) as well as Lektzian and Patterson (2015) point out that sanction can be effective when they destabilize the government’s position and open a bargaining range. Therefore, democratic sanctions have a potential to hurt the government and core support groups within the target country, open a bargaining range, and to benefit or at least avoid harming the opposition (Kirshner 1997; 2002).

But why would support to civil society alone without democratic sanctions not have such an impact? The civil society has to be empowered and although aid is one of the ways to achieve that, we argue that aid to civil society alone might not be a sufficient incentive for the civil society to stand up and oppose—the mixed findings in the literature regarding the effectiveness of aid to civil society support this argument. Although scholars are theorizing about agent empowerment mechanisms (Finkel et al. 2007; Perez-Linan, Finkel, and Seligson 2016), they were not able to test it yet. We propose that democracy aid delivered to non-state actors combined with democratic sanctions is such a mechanism which we test empirically.

Moreover, the lack of sanctions has also been cited as contributing to the failure of some opposition groups. Some scholars, when analysing the effectiveness of sanctions, point out that aid may support government opposition groups, empower opposition campaigns and thus create an additional pressure on the government to comply with the sanctions demands. Chenoweth and Stephan (2011) mention that the international sanctions against the apartheid in South Africa were critical in creating a bargaining space for the resistance campaigns to come to the negotiating table. This and other examples suggest that sanctions put on adversary governments as the result of human rights violation or cracking down the opposition, strengthen the opposition’s voice and credibility as important domestic actor. Therefore, we argue that democratic sanctions strengthen the civil society’s positions vis-à-vis the government by creating pressure on the government to stop abusive practices, add credibility, improve the role and positive perception of civil society organizations and make civil society more powerful.

H3. Democratic sanctions imposed by the EU are more likely to lead to a higher level of democracy in target countries if they are combined with aid bypassing the recipient government.

In sum, our argument is that a target country that is sanctioned by the EU is more likely to democratize in comparison to aid recipients of any type. However, by increasing bypass democracy aid to

sanctioned states, the EU strengthens the effectiveness of sanctioning efforts. In other words, once sanctions are imposed, it is better not to withdraw aid but rather shift aid to the civil society because non-governmental democracy aid together with sanctions facilitates democratization. A sanctioned country will benefit from receiving aid that goes to civil society more than without receiving this kind of aid. Therefore, sending aid to the civil society rather than to the government when sanctions are imposed may increase the effectiveness of democracy sanctions because the civil society can additionally be empowered to introduce democratic changes in its country.

It has been argued by scholars that the implicit logic of sanctions is that the general population will be so affected by sanctions that they will protest more openly against the regime. By protesting, however, they will force leaders to change their behavior or harmful policies. In other words, putting hardship on people by means of economic sanctions should create internal pressure for change. This reaction is not always the case regarding sanctions that are not democracy-related because it might happen that instead of creating dissatisfaction with the leadership, sanctions may make citizens in the target country blame sender countries for their economic difficulties (Galtung 1967) and induce a 'rally round the flag' effect (Drury 2001). However, we argue that democratic sanctions have an opposite effect. Moreover, stopping foreign aid to dictators and authoritarian governments in general affects a dictator's supply of nontaxable income (Morrison 2014).

III. Research Design

In this paper, we are mainly interested in our hypotheses regarding the effect of democratic sanctions and aid on the level of democratization. Thus, our key dependent variables are changes in composite democracy scores. First, we employ the V-Dem Electoral Democracy Score (Coppedge et al. 2017) which includes clean elections, suffrage as well as civil liberties such as freedom of association and expression, and second, the combined and revised Polity IV score (Marshall et al. 2015).

Our key independent variable is the onset of a democracy-related sanctions case. We test the effect of sanctions by using the newly created EUSANCT dataset which integrates and updates the Threat and Imposition of Economic Sanctions (TIES) dataset (Morgan et al. 2014) as well as the GIGA Sanctions Dataset (Portela and von Soest 2012). The EUSANCT covers all economic sanctions as well as public sanctions threats for the period from 1989-2015 (in sum, 353 sanctions cases). The EUSANCT dataset does not include cases with pure economic purposes (e.g. TIES cases related to environmental policies, trade practices as well as economic reforms were dropped). Sanctions can involve several issues which directly affect the international community such as political influence over a third state, militarized actions, territorial disputes, alignment choices, weapons production and proliferation, support of terrorist groups and drug trafficking practices. Other issues concern domestic policies of the target state. All these different internal and external issues are not mutually exclusive and sometimes overlap. Thus, the EUSANCT dataset includes up to three issues per sanctions case. Independent of whether the issue refers to internal or external policies,

the types of sanctions range from complete economic embargoes and trade restrictions to aid cuts and targeted sanctions.

Since in our paper we are interested in whether sanctions have an effect on the level of democratization, we focus on sanctions with democracy-related issues: i.e. human rights violations, electoral frauds, violations of the constitutional order as well as the enhancement of a leadership change. Therefore, we drop all sanctions cases which do not involve at least one of the abovementioned domestic policy issues. Put differently, we estimate whether economic sanctions which involve domestic policy issues have an effect on the level of democratization. The European Union is involved in 85 imposed sanctions cases of which 59 cases in 46 countries are related domestic policy issues. These are mainly African countries (26 in total: e.g. Burundi, Congo, Equatorial Guinea, Guinea, Liberia, Sudan, Togo, Zimbabwe, etc.), followed by countries in Eastern Europe (Belarus, Bosnia and Herzegovina, Macedonia, Russia, Serbia and Montenegro, Ukraine and Uzbekistan). According to the combined and revised Polity IV score, eight target countries were democracies (Bosnia and Herzegovina, Guinea-Bissau, Honduras, Indonesia, Liberia, Macedonia, Maldives, Tunisia) and eleven targets were autocracies (Belarus, China, Cuba, Equatorial Guinea, North Korea, Malawi, Myanmar, Nigeria, Rwanda, Syria, Uzbekistan). Other target countries are mixed and incoherent regimes between democracy and autocracy.

We use the dyadic version of the EUSANCT dataset which covers 199 countries for the period from 1989-2015, thus, 5077 country-years. Our first independent variable is the dummy which indicates whether there is an ongoing democracy-related sanctions case in the respective dyad.

Our second independent variable is the amount of aid. In the theoretical part of this paper, we distinguish general development aid from democracy aid. Development assistance is defined as an activity that is foremost given to support mainly economic in recipient countries, democracy assistance, however, aims to support democracy. For the empirical evaluation, we consider a more specific type of democracy aid—civil society aid which mainly bypasses the government. We focus on civil society aid so that we can differentiate between aid which goes to the government and the one that is mainly channelled to non-governmental organizations. OECD democracy aid consists of four main aid types: human rights aid, civil society aid, media aid, as well as election aid. These aid types are not only channelled through NGOs and the civil society but also through governmental institutions. However, we find it legitimate to assume that civil society aid, which is also the greatest from all four types of democracy aid, is the one that goes mostly to civil society, and bypasses the government. Moreover, we employ the information about channels of aid delivery (e.g. public sector as well as NGOs and civil society) of the OECD aid database in order to have different aid types as explanatory variables. In sum, we test two sets of aid combinations by employing four different aid types which we compare pairwise: first, we differentiate by aid type—civil society aid (as a specific type of democracy aid which bypasses the government) and general aid (aid which is not related to democracy). Second, we differentiate by channel—democracy aid (channelled through NGOs and civil society) and public sector aid (channelled through the public sector). Since we focus on EU sanctions, we obtain flows from all EU member countries plus EU institutions. We merge these four different OECD aid

flow data which have a donor-recipient-year structure with the EUSANCT panel dataset, and additionally, take the log because of the right-skewed distribution of the aid data.

Since we employ a panel data dataset, we run fixed-effects panel models with changes in the democracy scores as dependent variables and lagged democracy-related sanctions dyads and lagged aid flows as explanatory variables. Moreover, we include interactions between sanctions and aid as independent variables in order to see how aid flows affect the effectiveness of sanctions.

As control variables, we include the occurrence coups in the respective country-year—based on data from the coup dataset by Powell and Thyne (2011)—which jointly explain changes in the democracy scores and the imposition of sanctions. Moreover, we control for civil society and development aid by the US and the UN and total OECD democracy and public sector aid.

As a robustness check, we estimate the effects of EU sanctions and aid flows on changes in the Political Terror Scale (Gibney et al. 2016). Moreover, we re-run the models for US aid flows as well as US sanctions by employing the EUSANCT panel dataset covering sanctions cases by the US.

IV. Empirical Analysis

We analyse the effect of different types of aid on changes in democracy scores. First, we present the results of democracy-related sanctions and our two sets of aid combinations on changes in the V-Dem Electoral Democracy and Polity IV score. Table 1 displays the results for aid differentiated by channel (i.e. democracy aid channelled through NGOs and civil society as well as aid channelled through the public sector—models 1 and 2) and for aid differentiated by type (i.e. civil society aid as well as general development aid). We find that sanctions have a significant positive effect at the one percent level on changes in both the V-Dem Electoral Democracy Score and the Polity IV score, independent of whether we control for the channel or type of aid delivery. Contrarily, aid flows do not have robust explanatory power for neither democracy score. There is only a weakly significant negative effect of public sector aid on changes in the Polity IV score. The occurrence of coups has a consistent and significant (one percent level) effect on changes in both democracy score and aid combinations. These results provide evidence for our hypothesis 1 that democratic sanctions imposed by the EU are more likely to lead to higher level of democracy in target countries than EU aid of any type.

Table 1 Effect of EU aid flows and EU democracy sanctions on democracy scores

VARIABLES	(1) Change in Electoral Democracy Score	(2) Change in Combined Polity Score	(3) Change in Electoral Democracy Score	(4) Change in Combined Polity Score
EU democracy sanction	0.0176*** (0.00670)	0.637*** (0.204)	0.0189*** (0.00482)	0.838*** (0.160)
Total EU democracy aid	0.000110 (0.00179)	0.0140 (0.0550)		
Total EU public sector aid	-0.00127 (0.000871)	-0.0502* (0.0266)		
Total EU civil society aid			-0.000135 (0.000193)	-0.00668 (0.00641)
Total EU general development aid			-1.82e-05 (0.000127)	0.00378 (0.00417)
Coup	-0.0325*** (0.00563)	-1.707*** (0.171)	-0.0217*** (0.00436)	-1.978*** (0.141)
Constant	0.0217 (0.0236)	0.727 (0.719)	0.00437 (0.00442)	0.0638 (0.147)
Observations	1,312	1,244	1,863	1,793
R-squared	0.036	0.095	0.023	0.120
Number of potential targets	127	121	129	123
F-test	11.05	29.26	10.17	56.61
Prob > F	0.0000	0.0000	0.0000	0.0000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Hypotheses 2 and 3 refer to the combination of aid and sanctions as both tools of democracy promotion do often jointly apply but may affect each other. Table 2 shows the effect of EU democracy sanctions and EU aid flows differentiated by channel of delivery (i.e. through NGOs and the civil society as well as the public sector)—and the interaction effects of sanctions with both respective types of aid.

Table 2 Effect of EU aid flows (differentiated by channel of delivery) interacted with EU democracy sanctions on democracy scores

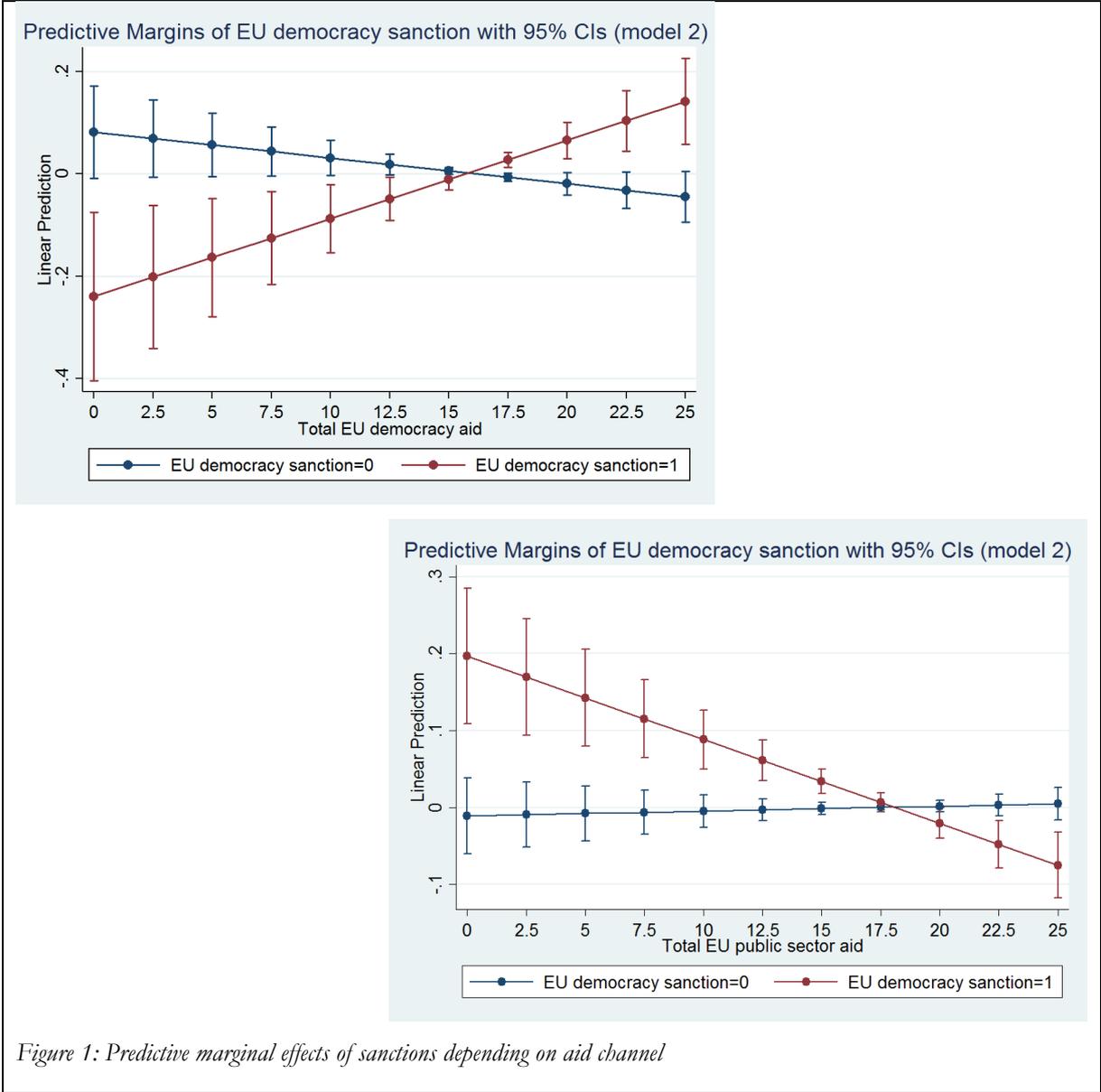
VARIABLES	(1) Change in Electoral Democracy Score	(2) Change in Electoral Democracy Score	(3) Change in Combined Polity Score	(4) Change in Combined Polity Score
EU democracy sanction	-0.110* (0.0630)	-0.120* (0.0633)	-2.454 (1.881)	-2.542 (1.893)
Total EU democracy aid	-0.00220 (0.00190)	-0.00504* (0.00284)	-0.0203 (0.0592)	-0.0343 (0.0890)
EU democracy sanction* Total EU democracy aid	0.0200*** (0.00493)	0.0203*** (0.00493)	0.203 (0.147)	0.207 (0.148)
Total EU public sector aid	0.000167 (0.000921)	0.000641 (0.00143)	-0.0485* (0.0284)	-0.0385 (0.0436)
EU democracy sanction* Total EU public sector aid	-0.0117*** (0.00254)	-0.0115*** (0.00254)	-0.0171 (0.0766)	-0.0157 (0.0767)
Coup	-0.0334*** (0.00559)	-0.0333*** (0.00559)	-1.705*** (0.171)	-1.703*** (0.171)
Total democracy aid		0.00433 (0.00297)		0.0245 (0.0923)
Total public sector aid		-0.0305 (0.0338)		-0.410 (1.054)
Constant	0.0338 (0.0255)	0.508 (0.542)	1.255 (0.788)	7.752 (16.89)
Observations	1,312	1,312	1,244	1,244
R-squared	0.055	0.127	0.097	0.121
Number of potential targets	127	0.057	121	0.097
F-test	11.34	8.838	19.98	14.98
Prob > F	0.0000	0.0000	0.0000	0.0000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Since we interact EU democracy sanctions with both types of aid (continuous variables without zero observations), the baseline coefficient for sanctions does not have a meaningful interpretation. However, we can say that independent of the aid channel, there is, again, barely any effect of any type of aid on democracy scores when there are no sanctions in place. If there is an effect, it tends to be negative. Regarding changes in the V-Dem Electoral Democracy Score (models 1 and 2), we can see that when democracy sanctions are employed, aid channelled through NGOs and civil society has a significantly positive effect on changes in the democracy score (at the level of one percent). Contrarily, the coefficient of the interaction between democracy sanctions and aid channelled through the public sector is significantly negative (one percent level).

Figure 1 displays the interaction effects graphically. These results confirm our hypotheses 2 and 3: there needs to be a certain level of democracy aid for sanctions have a positive effect on the level of democratization (holding all other variables at their mean). First, sanctions and civil society empowerment together put double pressure on target governments. Second, the effect that the civil society blames the sender state for the onset of sanctions and increases the support for the own government is diminished. Therefore, these findings support our assumption that the EU democracy sanctions lead to a higher level of democracy in target countries if they are combined with aid bypassing the recipient government (hypothesis 3). Furthermore, we can see that the generally positive effect of EU democracy sanctions is

more likely to be reduced the higher the amount of previous aid channelled through the public sector. Besides the fact that sanctions may lose their credibility if they are accompanied by aid to the target government, and that senders might be less eager to enforce sanctions if they have previously sent a relatively high amount of aid (sunk-cost fallacy), target governments may use these payments to diminish the impact of sanctions. Therefore, EU democracy sanctions have a less positive impact on democracy in target countries when they are combined with general development aid (hypotheses 2). However, these results do not appear when we estimate changes in the level of the Polity IV score (models 3 and 4). The coefficients of both interaction terms (and all other variables) point into the same direction but do not have significant explanatory power.



All abovementioned results are robust to the inclusion of total OECD aid flows channelled through both NGOs and the civil society as well as the public sector—which are both insignificant. However, the

occurrence of military coups consistently and significantly reduces the level of democracy which comes as no surprise.

Next, in Table 3, we re-estimate the previous models for aid differentiated by type: i.e. civil society aid which has the purpose of empowering civil society and democratic participation and of which we assume that it mainly bypasses the government—and general development aid. Once more, there is no clear interpretation of the coefficient for EU democracy sanctions. However, the negative effect of aid when no sanctions are employed becomes more obvious (at least for changes in the Polity IV score in models 3 and 4). General development aid has no significant effect at all. The coefficients of the interaction terms point into the same direction as before. However, this time, there is only a weakly significant and positive effect of sanctions and civil society aid in one of the two models on the V-Dem score (models 1 and 2). In exchange, this interaction becomes significant at the one percent level for changes in the Polity IV score. The interaction between democracy sanctions and general development aid has no significant effect in any specification for the different types of aid. The control variables are in line with the previous models: military coups significantly reduce the level of democracy and the amount of further aid by the United States and the United Nations does not have any effect. \

Table 3. Effect of EU aid flows (differentiated by type of aid) interacted with EU democracy sanctions on democracy scores

VARIABLES	(1) Change in Electoral Democracy Score	(2) Change in Electoral Democracy Score	(3) Change in Combined Polity Score	(4) Change in Combined Polity Score
EU democracy sanction	0.0145 (0.0130)	0.0185 (0.0148)	-0.356 (0.433)	-0.0726 (0.479)
Total EU civil society aid	-0.000278 (0.000208)	-0.000339 (0.000226)	-0.0158** (0.00689)	-0.0187** (0.00729)
EU democracy sanction* Total EU civil society aid	0.00105* (0.000560)	0.000827 (0.000612)	0.0655*** (0.0185)	0.0515*** (0.0196)
Total EU general development aid	3.76e-05 (0.000136)	2.67e-05 (0.000157)	0.00240 (0.00447)	0.000438 (0.00501)
EU democracy sanction* Total EU general development aid	-0.000451 (0.000373)	-0.000362 (0.000435)	0.00920 (0.0122)	0.0136 (0.0139)
Coup	-0.0219*** (0.00436)	-0.0301*** (0.00585)	-1.996*** (0.141)	-1.471*** (0.184)
Total US/UN civil society aid		0.000208 (0.000243)		0.00823 (0.00773)
Total US/UN general development aid		-9.35e-05 (0.000309)		-0.0158 (0.00994)
Constant	0.00514 (0.00474)	0.00351 (0.00832)	0.237 (0.157)	0.367 (0.269)
Observations	1,863	1,501	1,793	1,450
R-squared	0.026	0.033	0.127	0.077
Number of potential targets	129	120	123	117
F-test	7.596	5.864	40.19	13.79
Prob > F	0.0000	0.0000	0.0000	0.0000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Figure 2 displays the marginal effects for model 3. When we focus on aid types, sanctions do practically always have a positive effect on democracy scores. However, a higher amount of civil society aid can further increase marginal effect of sanctions whereas the amount of general development aid does not significantly alter the effect of sanctions.

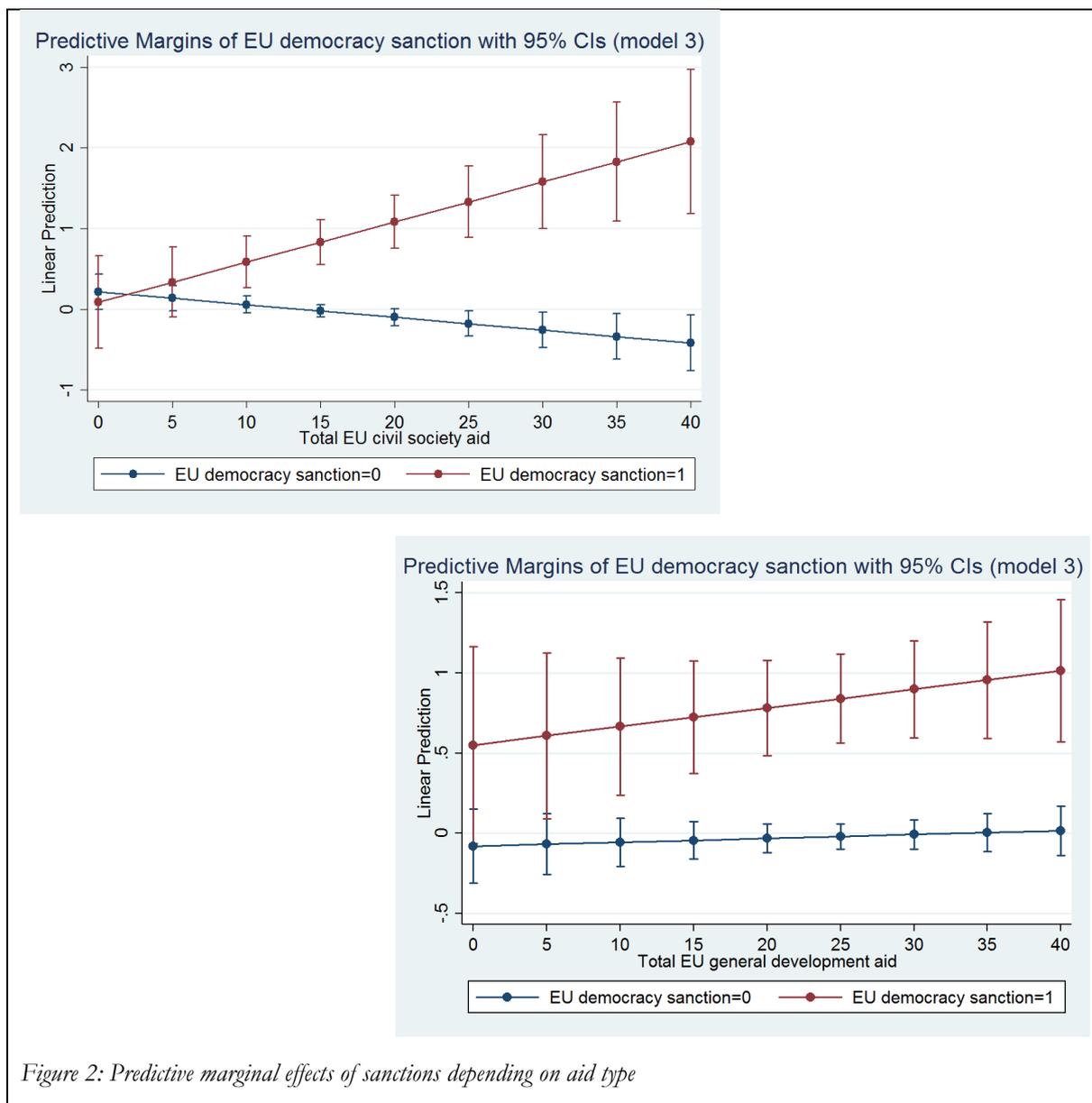


Figure 2: Predictive marginal effects of sanctions depending on aid type

In general, both combinations of aid types provide evidence for our hypotheses. There is no case in which one of the interaction terms has a significant effect which points into another direction. Still, it depends on the respective democracy score whether the interaction is significant. Aid flows differentiated by channels of delivery have a significant effect on the V-Dem Electoral Democracy Score when they are interacted with sanctions—and aid flows differentiated by type have a significant interaction effect with sanctions on the Polity IV score. In order to provide further robustness for our claims, we re-run all previous models for changes in the amount of aid

Table 4 shows the results for changes in the amount of aid flows differentiated by channel of delivery and their interaction with sanctions on democracy scores. In models 1 and 2, we consider the V-Dem Electoral Democracy score. An increase in the amount of democracy aid channelled through NGOs and the civil society leads to positive changes in the democracy scores. The interaction with public sector

aid is negative but insignificant. This result is robust to the inclusion of total amount of EU democracy and public sector aid as well as the total amount of according OECD aid flows.

Table 4. Effect of changes in the amount of EU aid flows (differentiated by channel of delivery) interacted with EU democracy sanctions on democracy scores

VARIABLES	(1) Change in Electoral Democracy Score	(2) Change in Electoral Democracy Score	(3) Change in Combined Polity Score	(4) Change in Combined Polity Score
EU democracy sanction	0.0111 (0.00710)	0.0114 (0.00723)	0.658*** (0.225)	0.670*** (0.231)
Change in total EU democracy aid	-0.00102 (0.00245)	-0.000417 (0.00258)	-0.0886 (0.0780)	-0.0783 (0.0827)
EU democracy sanction*Change in total EU democracy aid	0.0133** (0.00575)	0.0129** (0.00584)	0.126 (0.178)	0.138 (0.181)
Change in total EU public sector aid	-0.000846 (0.00102)	-0.00136 (0.00115)	-0.0391 (0.0321)	-0.0694* (0.0361)
EU democracy sanction* Change in total EU public sector aid	-0.00158 (0.00296)	-0.00118 (0.00298)	-0.0383 (0.0917)	-0.0232 (0.0920)
Total EU democracy aid		-0.00381 (0.00357)		-0.0730 (0.116)
Total EU public sector aid		0.00132 (0.00215)		0.0803 (0.0681)
Coup	-0.0367*** (0.00586)	-0.0366*** (0.00586)	-1.807*** (0.186)	-1.806*** (0.186)
Total OECD democracy aid		0.00294 (0.00380)		0.00170 (0.124)
Total OECD public sector aid		-0.0706 (0.0586)		-3.300* (1.860)
Constant	0.00239 (0.00169)	1.173 (0.942)	0.0873 (0.0536)	55.10* (29.92)
Observations	1,180	1,180	1,121	1,121
R-squared	0.048	0.051	0.101	0.107
Number of potential targets	126	126	121	121
F-test	8.714	5.588	18.68	11.83
Prob > F	0.0000	0.0000	0.0000	0.0000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The positive coefficient of the interaction between democracy aid and sanctions, however, loses its significance when we regard PolityIV scores (models 3 and 4). This finding is similar to the results of the models in which we consider the amount of aid flows. Coups have, again, a significant negative effect at the level of one percent across all specifications and total aid flows do not have any explanatory power for changes in democracy scores. However, since changes in the amount of aid are distributed around zero, the baseline coefficient of EU democracy sanctions becomes positively significant at the level of one percent in the models on the Polity IV score.

The significant baseline effect of EU democracy sanctions even appears across all specifications when we regard changes in the amount of aid flows differentiated by type (table 5). For these types of aid combinations we find a significant negative effect of the interaction between general development aid and democracy sanctions (at the level of five percent with the V-Dem Electoral Democracy Score as the

dependent variable and weakly significant for the PolityIV score). Sanctions are likely to become even less credible if they go along with an increase in general development aid. Moreover, the interaction effect of civil society aid and democracy sanctions is positive and significant (five percent level) when we employ the Polity IV score as the dependent variable. Besides the interaction effects, there are no changes in the interpretation of the other control variables.

Table 5 Effect of changes in the amount of EU aid flows (differentiated by type of aid) interacted with EU democracy sanctions on democracy scores

VARIABLES	(1) Change in Electoral Democracy Score	(2) Change in Electoral Democracy Score	(3) Change in Combined Polity Score	(4) Change in Combined Polity Score
EU democracy sanction	0.0180*** (0.00552)	0.0214*** (0.00593)	0.892*** (0.178)	1.110*** (0.192)
Change in total EU civil society aid	-0.000113 (0.000154)	-1.89e-05 (0.000227)	-0.0101** (0.00495)	-0.00567 (0.00733)
EU democracy sanction*Change in total EU civil society aid	0.000161 (0.000438)	0.000303 (0.000462)	0.0336** (0.0140)	0.0317** (0.0148)
Change in total EU civil society aid	5.21e-05 (0.000103)	9.32e-05 (0.000161)	0.00443 (0.00328)	0.00698 (0.00516)
EU democracy sanction* Change in total EU development aid	-0.000601** (0.000275)	-0.000638** (0.000304)	-0.0169* (0.00877)	-0.0149 (0.00975)
Total EU civil society aid		-0.000273 (0.000317)		-0.00900 (0.0103)
Total EU development aid		-3.05e-05 (0.000227)		-0.00591 (0.00728)
Coup	-0.0241*** (0.00528)	-0.0327*** (0.00647)	-1.466*** (0.167)	-1.503*** (0.204)
Total US/UN civil society aid		0.000169 (0.000345)		-0.00918 (0.0112)
Total US/UN development aid		0.000248 (0.000255)		0.0103 (0.00812)
Constant	0.00196 (0.00135)	-0.000611 (0.0102)	0.0472 (0.0434)	0.239 (0.329)
Observations	1,590	1,354	1,540	1,311
R-squared	0.024	0.036	0.074	0.077
Number of potential targets	120	117	116	114
F-test	6.095	4.526	18.91	9.924
Prob > F	0.0000	0.0000	0.0000	0.0000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

In sum, our results and conclusions on the interaction between EU democracy sanctions and EU aid flows are robust to the effect of levels as well as changes in the amount of different types of EU aid flows. Nevertheless, the interaction effects are rarely jointly significant. We argue that this is due to data limitations. The OECD aid data are rather incomplete and only available for roughly one third of all country-years in the EUSANCT dataset. Still, the expected interaction effects consistently appear and provide support for all of our hypotheses.

As an additional robustness check (Table A1 in the Appendix), we re-run the models for aid flows differentiated by channel, changes in aid flows differentiated by channel, as well as for aid flows

differentiated by type and changes in aid flows differentiated by type on changes in the Political Terror Scale (Gibney et al. 2016). There are no consistent significant effects of our key explanatory variables and interaction effects on the level of political terror. Besides the fact that democracy-related sanctions do not necessarily need to be linked to political terror and human rights violations, several reasons may explain this result. First, once it comes to political terror, “carrots” are not an appropriate instrument for foreign-policy makers anymore. Whereas money could be employed to set positive incentives for further democratization, you would not pay a government in the view of political terror and human rights violations. Second, with regard to political violence, sanctions may be less likely to have a positive effect. A target government has to expect the onset of sanctions as a result of political violence, therefore the impact of sanctions will often be already accounted for in the decision to increase repression. Third, some regimes even increase repression when they are targeted by sanctions (Escribà-Folch 2012).

Even though our paper focuses on the democracy sanctions and aid flows by the European Union, we re-estimate the models for the United States. Table A2 in the Appendix shows the effect for US democracy-related sanctions and US aid flows channeled through NGOs and the civil society as well as the public sector. In model 1, there are highly significant effects (at the level of one percent) of both interaction terms: first, US democracy sanctions have a larger effect on changes in the V-Dem Electoral Democracy Score the higher the amount of US democracy aid, and second, the effect of sanctions reduces with the amount of US aid channeled through the public sector. However, the effect disappears when we regard the Polity IV score as well as changes in the amount of the respective aid flows. The effects also do not occur when we regard the different types of aid (Table A3 in Appendix). With regard to US sanctions and aid, only the occurrence of coups has a consistent and robust significant effect on changes in democracy scores. Moreover, US sanctions also generally seem to have a positive effect. But neither any type of aid flow nor other interaction terms show significant results. We argue that the effects differ among the EU and the US because both actors employ aid and sanctions differently. As the EU is more likely to impose democracy-related sanctions and has become a more eager actor using various instruments to strengthen the civil society in autocratic countries, we focused our study on the EU and are not surprised by weaker effects for the US.

Conclusion

Within this paper, we examined the choice and impact of two democracy promotion tools—democracy aid and democratic sanctions, one being a positive incentive and the latter a negative. Observing the research gap in the literature on the effectiveness of these two tools by the EU, as well as recognizing the need to understand better the success of sanctioning efforts and aid provision for democratization purposes in recipient countries, we embark on settling not only which tool is more effective but also what is the joint effect of democratic sanctions and aid on democracy performance of target states.

The results demonstrate that democracy aid and democratic sanctions are closely related. The provision of democracy aid has a positive effect on the effectiveness of democracy-related sanctions, specifically the one that goes to or is channeled through the civil society. Countries that are recipients of democracy aid and simultaneously sanctioned democratize faster than non-sanctioned democracy aid recipients. Sanctions are more likely to be successful when reinforced by democracy aid bypassing the government because of agent empowerment mechanisms as well as double pressure—one coming from outside and another from inside. By sending democracy aid to a sanctioned country, the civil society is empowered to make the government change its anti-democratic behavior or policies. Moreover, pro-regime rallies due to sanctions from outside become less likely.

Our findings imply that the EU should not send aid to the government when sanctions are in place. The empirical results show that continuing sending high levels of development aid may have contradictory effects and in fact undermine the efficiency of democratic sanctions. These findings also send an additional message to EU policy makers—if the EU anticipates to put democratic sanction on an oppressive government, it should cut developmental aid already earlier because the impact of sanctions would be weaker when the governmental elites were strengthened by previous aid flows. Instead, the EU should anticipate keeping linkages with and strengthening the civil society in the target country—and provide financial support. Our empirical results suggest that such measures will exert pressure to democratize in target countries that is bottom-up, whereas democratic sanctions by imposing pressure on the government will cause democratization that is top-down.

Thus, these two tools complement each other. Both the policy makers responsible for imposing sanctions and aid at the EU level, as well as international donor communities, other organizations or states practicing democratic sanctions against other states, can benefit from this study. Understanding how donors respond and should respond to sanctions imposition can help to understand better the role of aid and anticipated consequences on recipients. We claim that democracy aid to civil society appears to be another important political variable that should be included in analyses of the indirect effect of democratic sanctions on the target countries.

Moreover, we see the topic to be timely, given anti-democratic measures taken by certain governments of EU member states—Poland and Hungary—and the EU's efforts to impose sanctions on these states. Nevertheless, we are aware that further work is needed. Besides limitations due to missing data, there needs to be further work on taking into account the strategic imposition of sanctions and disbursement of aid. We are still not fully aware of how previous aid flows may affect the imposition of sanctions. Considering the strategic imposition of sanctions given past aid disbursements is a fruitful path for further research.

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Appendix

Table A1: Effect of EU aid flows interacted with EU democracy sanctions on the Political Terror Scale

VARIABLES	(1) Change in Political Terror Scale	(2) Change in Political Terror Scale	(3) Change in Political Terror Scale	(4) Change in Political Terror Scale
EU democracy sanction	1.379 (1.100)	0.122 (0.232)	-0.143 (0.139)	-0.0877 (0.105)
Total EU democracy aid	-0.0140 (0.0542)		-0.0400 (0.0746)	
Total EU public sector aid	-0.0109 (0.0251)		-0.0883** (0.0399)	
EU democracy sanction* Total EU democracy aid	-0.0846 (0.0886)			
EU democracy sanction* Total EU public sector aid	-0.00779 (0.0437)			
Total EU civil society aid		0.00469 (0.00374)		0.000191 (0.00512)
Total EU development aid		-0.000533 (0.00252)		-0.000556 (0.00373)
EU democracy sanction* Total EU civil society aid		-0.00962 (0.0102)		
EU democracy sanction* Total EU development aid		-0.00380 (0.00675)		
Change in total EU democracy aid			0.0843 (0.0517)	
Change in total EU public sector aid			0.0458** (0.0210)	
EU democracy sanction*Change in total EU democracy aid			-0.267** (0.107)	
EU democracy sanction*Change in total EU public sector aid			-0.0443 (0.0511)	
Change in total EU civil society aid				0.00528 (0.00367)
Change in total EU development aid				-0.00143 (0.00263)
EU democracy sanction*Change in total EU civil society aid				-0.00526 (0.00765)
EU democracy sanction*Change in total EU development aid				0.00397 (0.00483)
Coup	0.374*** (0.103)	0.247*** (0.0802)	0.336*** (0.114)	0.324*** (0.0953)
Total OECD democracy aid	0.0122 (0.0562)		0.0546 (0.0800)	
Total OECD public sector aid	-0.160 (0.592)		1.588 (1.147)	
Constant	2.866 (9.451)	-0.0791 (0.0870)	-25.36 (18.46)	-0.0317 (0.123)
Observations	910	1,458	803	1,248
R-squared	0.028	0.010	0.045	0.016
Number of potential targets	114	121	114	111
F-test	2.838	2.187	3.188	2.244
Prob > F	0.00412	0.0418	0.000516	0.0223

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

Table A2: Effect of US aid flows (differentiated by channel of delivery) interacted with US democracy sanctions on democracy scores

VARIABLES	(1) Change in Electoral Democracy Score	(2) Change in Combined Polity Score	(3) Change in Electoral Democracy Score	(4) Change in Combined Polity Score
US democracy sanction	0.00770 (0.0104)	0.428 (0.311)	0.00267 (0.00818)	0.579** (0.246)
Total US democracy aid	0.000609 (0.00196)	0.0378 (0.0596)	0.00402 (0.00262)	0.0602 (0.0797)
Total US public sector aid	0.00179 (0.00148)	0.0136 (0.0452)	-0.000749 (0.00182)	-0.0175 (0.0556)
US democracy sanction* Total US democracy aid	0.00891*** (0.00297)	0.134 (0.0889)		
US democracy sanction* Total US public sector aid	-0.00872*** (0.00255)	-0.0477 (0.0771)		
Change in total US democracy aid			-0.000770 (0.00179)	0.0225 (0.0542)
Change in total US public sector aid			0.000146 (0.00160)	-0.00466 (0.0484)
US democracy sanction* Change in total US democracy aid			0.000814 (0.00354)	-0.00274 (0.106)
US democracy sanction* Change in total US public sector aid			-0.00399 (0.00260)	-0.00675 (0.0782)
Coup	-0.0378*** (0.00628)	-1.807*** (0.187)	-0.0388*** (0.00650)	-1.492*** (0.195)
Total OECD democracy aid	-0.00150 (0.00331)	-0.0894 (0.104)	-0.00186 (0.00429)	-0.144 (0.133)
Total OECD public sector aid	-0.00558** (0.00225)	-0.0725 (0.0687)	-0.000452 (0.00343)	-0.0816 (0.107)
Constant	0.0301*** (0.0109)	0.625* (0.332)	0.00365 (0.0193)	0.918 (0.604)
Observations	1,094	1,053	953	921
R-squared	0.069	0.110	0.052	0.083
Number of potential targets	124	119	121	116
F-test	8.940	14.34	4.509	7.209
Prob > F	0.0000	0.0000	0.0000	0.0000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table A3: Effect of US aid flows (differentiated by type of aid) interacted with US democracy sanctions on democracy scores

VARIABLES	(1) Change in Electoral Democracy Score	(2) Change in Combined Polity Score	(3) Change in Electoral Democracy Score	(4) Change in Combined Polity Score
US democracy sanction	0.0364** (0.0173)	0.987* (0.577)	0.0282*** (0.00671)	0.583*** (0.212)
Total US civil society aid	0.000165 (0.000318)	-0.00610 (0.0104)		
Total US development aid	0.000424 (0.000330)	-0.00232 (0.0109)		
US democracy sanction* Total US civil society aid	-0.000219 (0.000725)	-0.0188 (0.0246)		
US democracy sanction* Total US development aid	-0.000638 (0.000696)	-0.00923 (0.0232)		
Change in total US civil society aid			0.000180 (0.000257)	0.00829 (0.00823)
Change in total US development aid			-0.000130 (0.000273)	-0.0136 (0.00876)
US democracy sanction* Change in total US civil society aid			0.000225 (0.000761)	-0.00504 (0.0251)
US democracy sanction* Change in total US development aid			-0.000327 (0.000560)	0.0201 (0.0182)
Coup	-0.0237*** (0.00618)	-1.117*** (0.200)	-0.0254*** (0.00747)	-0.648*** (0.236)
Constant	-0.00877 (0.00769)	0.220 (0.253)	0.000686 (0.00180)	0.0683 (0.0576)
Observations	1,385	1,338	1,093	1,059
R-squared	0.026	0.034	0.030	0.019
Number of potential targets	123	118	112	110
F-test	5.586	7.122	4.995	3.012
Prob > F	0.0000	0.0000	0.0000	0.0000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1