WHAT ECONOMIC SANCTIONS SIGNAL:
CHEAP TALK, OR PUTTING YOUR MONEY WHERE YOUR MOUTH IS?

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ABSTRACT

This study addresses the role of economic sanctions in foreign policy through two research questions. The first assesses the relationship between economic and military coercion, the studies of which have remained largely unlinked theoretically and empirically. My study bridges these gaps, developing a formal model of international dispute escalation beginning with the threat of a sanction, escalating through sanction imposition, and culminating with armed force. Presenting a simple argument of issue salience, the model predicts that the more the sender (challenger) values the issue under dispute, the more likely the dispute is to escalate to violence. Empirical evidence supports my theory that sender issue salience remains a key variable in determining dispute escalation. Since the end of the Cold War in particular, states have used economic coercion as a precursor to military force. My findings have significant implications for scholars and policymakers alike, as I argue that the way states use sanctions has changed dramatically since the collapse of the Soviet Union.

The second research question tests a long-standing assumption in the literature. Researchers have presumed that sanctions serve as tacit signals to states other than their primary target to avoid the target's behavior that brought about the sanction. I put this assumption to the test and find no direct evidence of this signaling channel. However, I argue that further research is needed to fully uncover this signaling process.