Coercive Energy Policy: Russia and the Near Abroad

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THESIS

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This thesis is dedicated to Priscilla, Jimmy, and Caleigh, without whom this research would have no purpose.

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LIST OF ABBREVIATIONS

BCM	Billion Cubic Meters
BTC	Baku-Tbilisi-Ceyhan
BTE	Baku-Tbilisi-Erzurum
CAC	Central Asia Center
CIS	Commonwealth of Independent States
CNPC	Chinese National Petroleum Corporation
COPDAB	Conflict and Peace Data Bank
COW	Correlates of War
CSTO	Collective Security Treaty Organization
DCOW	Diplomatic Correlates of War
EIA	Energy Information Administration
ENP	European Neighborhood Policy
EU	European Union
EurEC	Eurasian Economic Community
FDI	Foreign Direct Investment
FSB	Federal Security Service
FSU	Former Soviet Union
GDP	Gross Domestic Product
GEDS	Global Events Data System
GUAM	Georgia, Ukraine, Azerbaijan, Moldova
HSE	Hufbauer, Schott, and Elliott
ICOW	Issue Correlates of War

IDEA	Integrated Data for Events Analysis
IDMC	International Displacement Monitoring Center
IMF	International Monetary Fund
IO	International Organization
KGB	Komitet Gosudarstvennoy Bezopasnosti (Soviet Secret Police)
MCM	Million Cubic Meters
MID	Militarized Interstate Dispute
NATO	North Atlantic Treaty Organization
PCA	Partnership and Cooperation Agreement
SCO	Shanghai Cooperation Organization
TIES	Threat and Imposition of Economic Sanctions
U.S.	United States
UN	United Nations
USSR	Union of Soviet Socialist Republics
VCIOM	Russian Public Opinion Research Center
VRA	Virtual Reader's Associates
WEIS	World Events Interaction Survey

SUMMARY

This thesis is about a peculiar foreign policy tactic used by Russia on the other states of the former Soviet Union: coercive energy policy. Using the issue-based approach as a framework, I hypothesize that the salience of energy issues, the presence of rivalry, how unanimous public opinion is on energy issues, and how regions or states are tied to Russia's great power identity will impact the amount of energy coercion Russia will employ on each state or region of post-Soviet space. Coercion is measured with the rise or fall of natural gas prices or transit pipeline fees; or the amount of pipeline competition in regions or the potential for future pipeline project competition between Russia and other world powers, such as the United States, the EU, or China.

I find that the primary motivating factor behind Russian coercion with natural gas pricing and pipeline monopolization is whether or not the post-Soviet state is remaining within the Russian sphere of influence, or drifting toward the Western umbrella of economic and security protection. I employ quantitative methods to uncover evidence for these assertions, and whether or not these policies are working, in the sense that they bring the more Western-oriented states back in line with Russia's interests.

Finally, I use events data to utilize a new methodology to see whether or not this form of economic statecraft utilized by Russia actually works; in the sense that it changes state behavior in the way the government in Moscow intended. Negative statistical significance is found, inferring that Russia's tactics are not bringing states of the former Soviet Union closer to Russia's regional political orbit, and states are seeking political refuge with the United States and the West. This method potentially opens up new avenues for the economic statecraft research project in international relations scholarship.

I. INTRODUCTION: RUSSIAN COERCIVE ENERGY POLICY IN THE 21ST CENTURY

A. INTRODUCTION

This research is about an important and peculiar facet of Russian foreign policy behavior in the 21st century; coercive energy policy. Russia has reemerged as a world power after a brief period of economic uneasiness and political uncertainty with the collapse of the Soviet Union in 1991. Vladimir Putin has restored Russian pride and power to what is perceived as great power status by the Russian people, and has given Russia a voice on the world stage once more. However, Russia has not regained the economic and military might and the global reach of the Soviet Union. Its power and influence today is limited to the Near Abroad region; or the 14 independent states that were Soviet republics.[1] This region is also known as the Commonwealth of Independent States (CIS), after the treaty signed by all former states of the Soviet Union to ease its tumultuous breakup. Russia does not have the superpower global reach it once had, but the former superpower projects its power where it can, and many of the tactics employed are the Soviet-style use of power politics and coercive diplomacy (Vasquez 1993, Levy 2008). Russia still sees itself as a great power, and will use the power it has to portray this identity, that it is a relevant world power. (Feklyunina 2008, 2012, Tsygankov 2006, 2010, 2012). Perhaps its most effective use of post-Soviet power and great power identity projection is the use of its energy endowments, specifically natural gas and the pipeline infrastructures, and the dependence of much of the former Soviet Union (FSU) as well as the European Union (EU) and China.

[1] It must be noted that the term "Near Abroad" is a Russo-centric term where many of the people of the former Soviet Union find the term to be somewhat pejorative and condescending. However it is a commonly used phrase and part of the Russian vernacular and therefore will be used when deemed appropriate in this dissertation.

This research will examine how Russia uses modern coercive energy power in the 21st century; or what is more commonly known as the Putin Era. The main engine of power for Russia in the Near Abroad is the power of energy. The specific research question is why and when have the Putin/Medvedev Administrations used energy as a diplomatic weapon, specifically its monopolization of natural gas and the accompanying pipelines on the Eurasian landmass; and what factors influence the Russian government's decisions on these matters? Russia is able to use natural gas and natural gas pipelines as a foreign policy tool through state-owned Gazprom, oil through state-owned Rosneft, and oil pipelines through Transneft, the energy conglomerates in post-Soviet space and beyond. Economic statecraft, including the use of energy as a political tool, is the process of "offering economic rewards or withholding economic advantages in order to make other international actor(s) do what they would not otherwise do means using economics as an instrument of politics" (Baldwin 1985: ii). Coercive energy policy, for the purposes of this dissertation, is defined as the process of offering economic rewards in post-Soviet space in the form of reduced natural gas prices, or high purchasing prices by Russia if the countries are exporters, or pipeline transit fees, in return for political subordination to the Russian state; or withholding economic advantages in the form of higher natural gas prices, or lower purchasing prices if the counties are exporters, pipeline transit fees, or competitive pipeline projects, in order to make other international actor(s) in post-Soviet space do what they would not otherwise do; using economics as an instrument of politics by the Russian state (Baldwin 1985).

B. IMPORTANCE OF THIS RESEARCH

This research on Russia's coercive energy tactics is different from past efforts in that it is quantitative and directly measures particular impact factors against the dependent variables of

Russia's natural gas prices, as well as quantitatively measures the reactions of post-Soviet space to these changes in prices; which have not been done before in this particular research topic. Scholars have done in-depth case examinations on particular pairs of states with Russia and have not been able to make accurate social science generalizations about Russia's behavior in post-Soviet space and as an extension much of the European Union, which also depends on Russian gas. I operationalize and quantify factors that I hypothesize are behind Russia's motives for using coercive energy, and assert that these methods can be replicated for research on other regions and other types of economic statecraft.

This research is specific and focused in that it does not try to cover too much at one time, and concentrates on one particular area of economic statecraft research with the policy of one particular state: Russia. This dissertation will be translating policy research into social science methods. It also brings in the use of events data and its usefulness in seeing if economic statecraft actually works, and this methodology offers a new approach to studying this particular topic in international relations scholarship. Previous research on this topic has only looked at case by case studies using government documents and institutional contexts to come up with generalizations largely based on the opinions of the researcher, which makes this field of research that asks the question, "does economic statecraft work?" empirically undeveloped. I attempt to open new doors into this research agenda by using conflict-cooperation events as my dependent variable; and economic statecraft in the form of price changes for natural gas prices and pipeline fees as my independent variable. I hope that this method does two things for international relations research: helps contribute to the relevance and use of events data, and contributes to economic sanctions research, asking whether or not these techniques actually get sanctioned states to change their policy toward the sanctioning state.

This research focuses on the use of power politics and coercive diplomacy in the energy realm: what is called coercive energy policy. This chapter is as follows: A background of how the modern Russia state came to be under the leadership of Vladimir Putin leads into a section on why energy is central to Russian foreign policy behavior in the post-Soviet space and beyond. A plan of the dissertation concludes.

C. REEVALUATING RUSSIA'S PLACE IN THE WORLD

Russia's peculiar behavior in the energy realm today can be traced back to its development out of the breakup of the Soviet Union, and the need to reassert its power in post-Soviet space in order to reclaim its great power identity (Feklyunina 2012). The Cold War between East and West ended peacefully, yet the rule of law was almost non-existent and economic turmoil followed in the immediate months following the December 1991 collapse of the Soviet Empire. This could have led to widespread economic unrest and the rise of radical governments in Russia as well as the new independent republics of the former Soviet Union (Roberts and Sherlock 1999). Western governments acted in haste to prevent such possibilities.[2] Capital and investments began pouring in from the United States and Western Europe with the hopes that Russia and other new states would democratize and stabilize their economies (Roberts and Sherlock 1999). However, instead of creating and stabilizing institutions that paved the road for a prosperous democracy, the Russian political elite auctioned off state resources in exchange for political stability with the economic elite (Bahry and Lipsmeyer 2001). Power was in the hands of the Russian industrial oligarchs, who set up institutions that mainly served their interests. Some had all of the power, most did not. This incredible asymmetry of power in 1990s

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[2] The United States and the powers of NATO before enlargement (Canada, Great Britain, France, Germany, Netherlands, Denmark, Italy, Belgium, Luxembourg, Spain, Portugal, Iceland, Greece, and Turkey) are the countries that are delimited in the definition of "West" for the purposes of this dissertation.

Russia allowed for its unique institutional development where Russian state industries were sold to the highest bidder (Roberts and Sherlock 1999). Institutions did not allow for the transition to democracy, and along with a deepening economic crisis, allowed for this oligarchic development to take place.

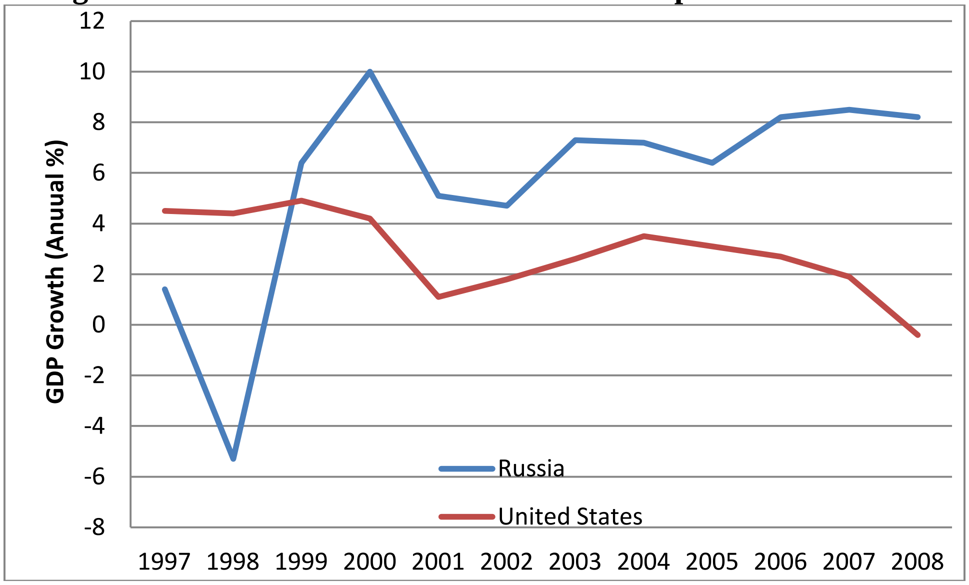
The path to authoritarianism, or at best a weak democracy was under way. Russian President Boris Yeltsin, it seems, thought gaining political stability was the first priority, and state-building and democratization would have to wait (Hall and Taylor 1996). The Russian industrial oligarchs also sided with Yeltsin rather than any of his political challengers. Their money and continued power was seen as safest with Yeltsin (Hall and Taylor 1996, Roberts and Sherlock 1999). However, the new Russian President elected in 2000, Vladimir Putin was going to reassert Russia's power in the world, especially in post-Soviet space.

In 1998, Russia's struggling market economy crashed. The bullish privatization of the Russian economy manifested as an empty shell; as although property and industry was being bought up, no money was actually being put back into the new market economy (Goldman 2008). Along with the reduction in crude oil output as well as the global price of oil, the energy commodity fixated, undiversified Russian economy collapsed. Furthermore, the Russian government began bouncing checks on government bonds and international investors soon realized that the government was broke and that Russia was no longer a sound investment. Inflation of the ruble led to hyperinflation, leaving most of the Russian people destitute (Goldman 2008). Yeltsin moved quickly to try to quell the situation and deflect the blame by ousting long-time Prime Minister Sergei Stepashin and replacing him with the relatively unknown former KBG officer Vladimir Putin in August 1999. Yeltsin then resigned in December

1999, citing deteriorating health conditions. Putin became acting president and was suddenly in the highest office in Russia.

Putin quickly galvanized public support after an act of terrorism, where it is suspected that Chechen nationalists launched organized bombings on apartment buildings in the Moscow suburbs. Putin publicly blamed the Chechens for these atrocities, and promptly sent Russian troops into the troubled Caucasus region of Chechnya and won quick victories. This made him near universally popular overnight, as the Russian military saw failure after failure in the separatist region in the decade prior. Putin won the 2000 presidential election in a landslide, and a new style of economic and political reform in Russia had begun (Goldman 2008). This reform that saw most power consolidated within the office of the presidency, and allowed for an unprecedented economic recovery unmatched in Russian history, as well as economic growth that also rivaled the pace of the recovery. Putin was able to stabilize the Russian economy, and Russian GDP growth outpaced many of the economic powers of the West, including the United States, until the collapse of the global economy in 2008 (See Figure 1).

Figure 1: Russian and U.S. GDP Growth Comparison 1997-2008



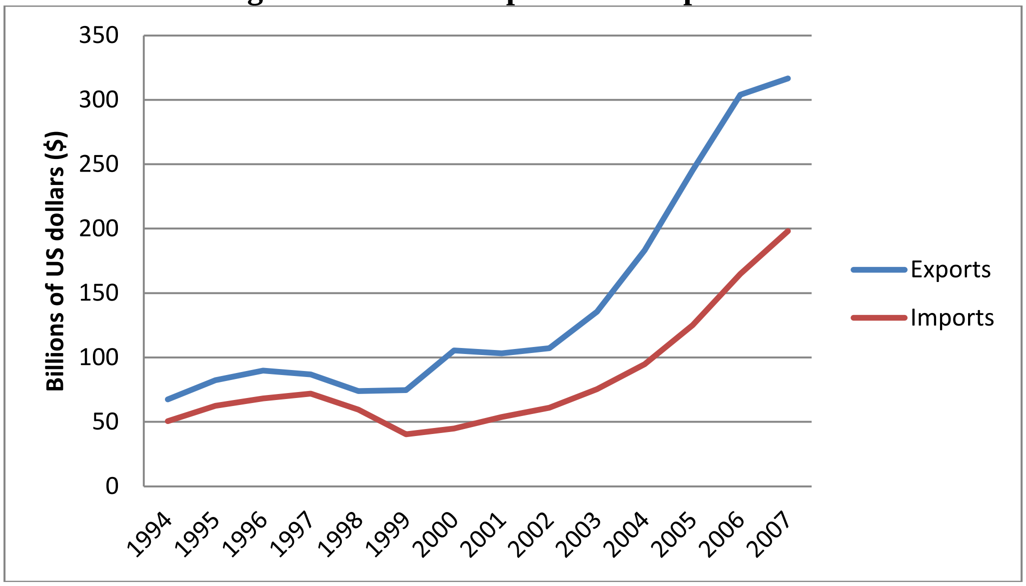
Source: The World Bank (2009).

Goldman (2008) sees one of Putin's first reform efforts was to remove the economic oligarchs from their positions who he deemed as political threats, and replace them with his own political allies, most of whom were either former KGB associates or political upstarts from Putin's hometown of St. Petersburg. It was especially important to the new Putin Administration that Russia's natural resource companies be controlled by friendly faces, and to do this, those Putin believed to be a political threat, where popular support could be garnered with either their charm or personal wealth, had to be removed. Viktor Chernomyrdrin of Gazprom was removed as chairman of the natural gas conglomerate. Media tycoon Vladimir Gusinsky of Media Most was jailed on charges of embezzlement. Sibneft's Boris Berezovsky was threatened with jail, yielded his interests in the oil company, and fled to the United Kingdom. Russian Central Bank's Viktor Gerashchenko was removed by the new president for allegedly siphoning off state resources. Finally, the richest and most vehement opponent of the new Putin Administration, Mikhail Khodorkovsky of Yukos oil company, had his company seized by the Russian government and was jailed on charges of forgery, tax evasion, grand theft, fraud, extortion, and embezzlement (Goldman 2008). With most of the Yeltsin era oligarchs either in exile or jail, Putin moved to consolidate the oil and natural gas industries into the state-controlled giants Rosneft (oil), Transneft (oil pipelines), and Gazprom (natural gas).[3] These conglomerates bought up media outlets, internet companies, and telecommunications companies. Putin had consolidated his power, nationalized Russian natural resources, and put people in positions of power so that his control of Russia's economic potential was safe. With these moves, it seems that political freedoms were dwindling, yet economic prosperity was booming.

Russia, under the first few years of Putin, brought Russia back into the world market. Figure 2 shows the impressive rise in both imports and exports for Russia, which began to quickly put Russia back into the realm of the world's great powers. Russia has vast reserves of oil and natural gas, and with the revival of the Russian economy and the rise in exports of oil and natural gas, Russia had new-found power in energy. Under the Soviet system, Moscow was unable to harness its natural resource potential due mainly to the setbacks a command economy inherently caused (Aleksashenko 2012). Now integrated into the world market, Russia had wealthy and demanding energy customers in Europe and Asia. This resource wealth meant that Russia was able to pay off its foreign debts, gain leverage on many states in post-Soviet space in the form of energy coercion, and begin to project its power in the international arena (Goldman 2008, Aleksashenko 2012).

[3] Other companies to note include LUKoil, Surgutneftegas, and Bashneft. However, Gazprom, Rosneft, and Transneft are the largest state-controlled Russian hydrocarbon companies and therefore the most able to be used as a political foreign policy tool by the Russian state.

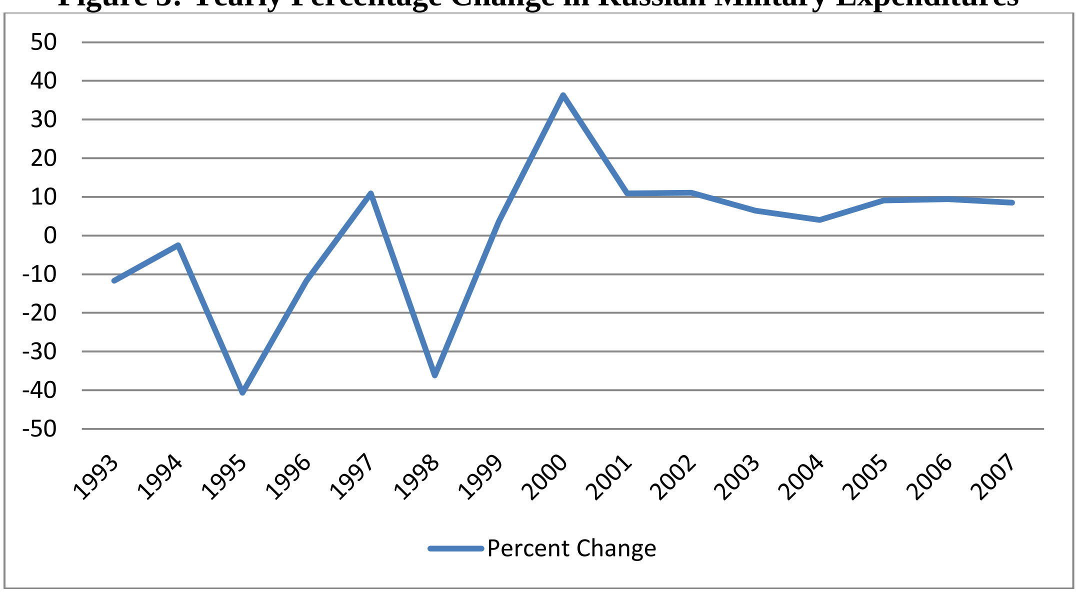
Figure 2: Russian Exports and Imports 1994-2007



Source: The World Bank (2009).

Figure 3 shows how Russia has spent much of its new found wealth; a dramatic increase in military spending. According to Feklyunina (2008) and Tsygankov (2010), one of Putin's main priorities is the establishment of Russian prestige and respect internationally, and a big part of this is the reestablishment of Russian military. Putin, like most Russians, sees Russia as a great power, and the perception of Russia as a great power to the international community, so that the Russian people as well as the world identify Russia as such; is crucial to the national interest of the Russian state (Feklyunina 2012). According to several Russia area specialists, a specific reason why Russia uses its energy power as a coercive tool in its former Soviet empire is because of this identity crisis (Feklyunina 2008). Feklyunina (2008) and Tsygankov (2010) discuss how perceptions of "self" and "others" as a great power to Russia are a huge part of Russia's national identity and thus national interest. For centuries, Russia has seen itself as a balancer to Europe and Asia, due to its geopolitical position and landmass. Figure 1.3 indicates that after 2000 and the ascendency of Putin, Russian military expenditures, in terms of yearly percentage change, skyrocketed. Russia has brought its navy and army back from the brink of minor power status, as well as reestablished its coveted arms sales to former allies of the Soviet Union, such as Cuba and Syria (SPIRI 2012). These states are adversaries of the United States, and American policymakers have seen this resurgence in arms transfers between Russia and American undesirables as a threat to international stability. Examples are replete: 2012 Presidential candidate Mitt Romney (Arquilla 2013), Senator John McCain (Herszenhorn 2013), Vice President Joseph Biden (Weisman and White 2011), and former Secretary of State Hilary Clinton (Labott 2012).

Figure 3: Yearly Percentage Change in Russian Military Expenditures



Source: SIPRI (2012): http://milexdata.sipri.org/

The partial restoration of Russian military power and the unprecedented economic growth since Putin's rise have brought Russia back into the club of respectable mid-range powers but it does not have the potential to extend its arm globally, as the Soviet Union once could. Russia's economic power is largely contained to former Soviet space. The European Union's short supply of its own energy resources make it dependent on Russian gas that is transported through post-Soviet and Eastern European territories and sea beds. The Russian navy, which once had global reach and was able to counter American ships anywhere in the world, has been drawn back to Russian coastal waters, as the only Russian naval base outside of immediate proximity is in the Syrian port of Tartus. Russia is outmatched economically and militarily by the United States; therefore disagreements with its Cold War adversary are largely limited to areas where Russian power can reach (Maness and Valeriano 2013). These areas are usually in the former republics of the Soviet Union, and rarely do Russia and the U.S. have confrontations outside of this region. More on the relevance of the U.S.-Russian rivalry to this research will be addressed in the next chapter.

Where Russia does have the ability to get other actors to do something they otherwise would not do is through its coercive energy policy. Russia has natural gas and pipeline leverage over most states of the Near Abroad; either in the form of gas dependency or pipeline access. For example, Kazakhstan needs Russian pipelines to get its natural gas exports to world markets, and I argue that Russia takes advantage of this. Similarly, Belarus is 100 percent dependent on Russian energy imports, and Russia also uses this leverage to keep these states close to its political orbit. .

The research in this dissertation uncovers just why and when Russia uses coercive diplomacy and power politics with natural gas in the Former Soviet Union (FSU). This is important because the U.S. and Russian rivalry of old is rekindled in post-Soviet space, specifically in the Caucasus region, as Russia has held steadfast in what it considers its exclusive sphere of influence. However, China' involvement in Central Asia has not irked the Kremlin as much as American influence in the Caucasus. Thus the United States as well as China has made inroads both geopolitically and geoeconomically[4] in post-Soviet space, yet only with the United States, who Russia still has a rivalry with, do we see more coercive energy policy behavior. China and Russia are not in a rivalry and are in the economically-based Shanghai Cooperation Organization (SCO) together; therefore Chinese incursions in post-Soviet space are more tolerable. I discuss the topic of American and Chinese involvement in the energy realm of post-Soviet space in the case study chapter of this dissertation, Chapter 3.

D. RUSSIAN ENERGY POWER

Russia has massive reserves of oil and natural gas giving it leverage over states in the post-Soviet arena that lack these capabilities. Russia ranks second in oil reserves and ranks first in the supply and reserve capacity of natural gas globally. This makes Russia an "energy superpower" (Denisov and Grivach 2008). Russia possesses over 30 percent of the world's working natural gas fields. It is also the second largest oil producer in the world and has nearly ten percent of the world's reserves, ranking it eighth (Woerhel 2009).

Russia's geographic location makes its resources readily available to important marketplaces willing and ready to pay (Europe, China and East Asia). However, natural gas is only able to travel via pipeline unless it is liquefied, and the cost of liquefication is greater than the price of wholesale to the FSU, Asian, or European markets. Oil, which can be stored and transported on ships and tankers, is more easily transported but tougher to refine depending on the location. As Russia has a near monopoly on natural gas in the region, this research quantifies

[4] Nygren (2008) coins this term to mean a strategic economic positioning for territory, where economic gain and influence is competed over, and for the purposes of this research to mean the positioning of natural gas fields and reserve fields, as well as pipeline routes to world markets. He suggests that these goals have been more important for Putin's in the rebuilding of Russia as a great power. For Putin, geoeconomics, according to Nygren, is more important than geopolitics.

and establishes the theoretical underpinnings of natural gas statecraft for Russia in the FSU. This form of energy has become the most important form of coercive power in post-Soviet space, and therefore the research of this dissertation will be exclusively focused on this important Russian commodity.

Gazprom, Russia's natural gas giant, can be traced back to 1965, when Soviet leadership decided to concentrate more on natural gas production and consumption (Kupchinsky 2006). Called the Soviet Gas Ministry or the Ministry of the Gas Industry at the time, the government entity skyrocketed in importance with the discovery of huge reserves of natural gas in the Volga River region, the Ural Mountains, and Siberia during the 1970s and 1980s (Gazprom 2012). In 1989 with the reforms of "glasnost," or openness and transparency under Gorbachev, the Gas Ministry became the first state-corporate enterprise in the Soviet Union and became Gazprom (Gazprom 2012). Victor Chernomydrin became the first head of the new entity. Although still controlled by the state, stocks were sold so that more people in government had control. When the Soviet Union fell in 1991, Gazprom lost its control in former Soviet space and only retained control of assets in Russia (Kupchinsky 2006).

In 1993, President Boris Yeltsin appointed Chernomydrin prime minister, and Gazprom began to gain political influence (Goldman 2008). Yeltsin's government began what has been famously known as "shock therapy," or the rapid privatization of Russian industry and infrastructure. By 1994, 33 percent of Gazprom's shares were owned by the Russian public, 15 percent of the stock went to employees, with 40 percent of the stock retained by the state (Goldman 2008). In 1996 a small percentage of Gazprom's stocks were sold internationally.

When Putin became president in 2000, he wrested the control of Gazprom back to the Russian state. One of Putin's goals was to reign in the oligarchs whom he saw as the mismanaging and looting of Russia's industry. He fired Chernomydrin and replaced him with St. Petersburg political ally Dmitri Medvedev, the future president of Russia. He helped stop the asset stripping and also regained much of what was lost. Arrests were widespread, and by 2005 Gazprom was in the hands of the state and those loyal to the Putin Administration (Goldman 2008). Fifty-one percent of the company is now owned by the Russian state, and in 2006 Gazprom was given the exclusive right to export natural gas outside of Russia (Kupchinsky 2006).

Since 1991, Gazprom has been the largest firm in Russia (Woehrel 2009). Gazprom almost constitutes a Russian natural gas monopoly and is also its fifth largest oil producer. It produces over 83% of Russian gas, controls the domestic pipeline system, Russian gas exports, as well as ownership in pipeline infrastructure in many former Soviet countries.[5] Gazprom also controls many of the banks, industries, farms, and media conglomerates in Russia (Woehrel 2009). Ownership of these various industries gives Gazprom and subsequently the Russian state great reach in keeping the public supportive of their policies.

Gazprom is highly integrated with the federal state elite. It is a remnant of Soviet times and its operations were left intact after the end of the Cold War. Its board members and financial officers are hand-picked by Putin's inner circle, and the Russian government owns over 50 percent of the stocks for the company. Non-Russians are usually not allowed to own shares, ensuring that its function of advancing the national political agenda of Russia's elite remains intact. The largest foreign investor is German-based EON, with a six percent stake (Woehrel 2009).

Pipeline investments and ownership, as well as foreign debt in the former Soviet Union have large geopolitical implications. As Gazprom owns production and transport mechanisms, as

[5] This ownership has increased as many Near Abroad countries' debt to Gazprom has increased.

well as being under control of the Russian foreign policy elite, Russia has the unique ability to use natural resources as a foreign policy tool. This gives it substantial leverage over consumers, especially those who are 100 percent dependent on Russian gas.[6] Rosneft is the oil counterpart to Gazprom, and Transneft is the oil pipeline counterpart. Rosneft is the oil company that, with Putin's crackdown on the oligarchs, acquired the assets of the other Russian oil companies of the 1990s (Goldman 2008). It is headed by Igor Sechin, one of Putin's contacts dating back to their time in the KGB. Since these state takeovers, many have argued that Moscow has been using its energy endowments as political weapons, especially against the states of its former Soviet empire (Nygren 2008, Gelb 2007, Smith 2006, and Ziegler 2009).

Russia implements a policy of "dual pricing" by energy giant Gazprom for natural gas, which means that Gazprom charges foreign customers more than it does domestically (See TABLE I). It supplies much of the European continent with its natural gas needs, effectively 30 percent of the EU market (Tarr and Thompson 2003). A disproportionate amount, two-thirds, of Gazprom's revenues comes from its European customers. This allows for the subsidization of domestic prices at home. Although not profit maximizing, it helps the domestic constituency remain loyal to Putin since prices are so low.

[6] Armenia, Belarus, Estonia, Georgia, Latvia, and Lithuania

TABLE I: GAZPROM SUMMARY OF SALES 2008

	Volume of gas (bcm)	Revenue
Domestic sales	292.2 (51%)	$16.317 bn (18%)
Sales to CIS	96.5 (17%)	$12.999 bn (14%)
Sales to Europe and other markets	184.4 (32%)	$63.543 bn (68%)
Total	573.1	$92.859 bn

Source: Gazprom Website (2011). http://gazprom.com/production

Due to Gazprom's peculiar pricing system, Russia is using the energy dependence of many post-USSR states to limit sovereignty and desires to orientate politically toward the West. The goal is to reassert its influence over the region to increase its great power identity (Tsygankov 2010). Ukraine has seen its gas supplies cut off twice; once in 2006 and again in 2009, both in the midst of winter. Estonia saw its Russian oil supplies suspended in the Bronze Statue dispute with Russia which also resulted in widespread cyber attacks. Moldova has given in to demands from Gazprom and the Russian state, only to be met with more demands and less control over its energy infrastructure. What factors decide how Russia rewards or punishes its gas-dependent former vassal states?

Energy power gives Russia the leverage to dominate the region when its rivals challenge Russian desires. This research also does not rule out oil as an energy weapon of Russia, as Russia uses pipeline ownership to coerce the oil and gas-rich former Soviet states of Central Asia and its important European and Asian customers. However, to keep the argument of this research focused; natural gas is topic of examination for this research project. Russian domination over its neighbors could in theory expand in scope, pace, and reach as it utilizes this new form of coercive energy power. However, this research suggests that for the most part, this coercive energy policy is actually drawing post-Soviet states away from Russia and towards the West. For example, Moldova has bowed to the pressure of Russian energy coercion in the hopes of Russia helping with its separatist enclave of Transdniester and in hopes of a favorable trade agreement with Russia. Yet Russia has continued to ask for more ownership access to Moldova's oil and gas pipelines, with not much in return in terms of Moldova's national interests. Moldova has now been courting the United States and European Union for help in response to this continued Russian coercion (Aslund 2012). Russia's coercive energy tactics on the states of the FSU also has forced the West to question whether or not Russia is going to be a reliable supplier of natural gas, which has led some Western states to look at possible alternative pipeline routes that circumvent Russia. This in turn has coaxed Russia into coercively making Russia the best and only source of natural gas coming from the East for the European continent.

Russia, under Putin, has become a top supplier of raw materials to the world economy. More than 85 percent of Russian exports come from raw materials or primary commodities. The United States exports 26 of its raw materials and commodities (Greyhill Advisers 2012). The oil and gas export is at the core of Russian foreign trade. In 2000 it was 50 percent of Russian export revenue, and in 2008 it climbed to 67 percent (Aleksashenko 2012). Russia's main source of budgetary revenues is proceeds from oil and gas exports, and 25 percent of tax revenues come from Gazprom alone (Woerhel 2009). Russian economic expansion and the revival of its economy are due to the growth of oil and gas industry.

This reliance on energy exports leaves the Russian economy very vulnerable. Any movement on oil price (which the price of natural gas is tied to) has an impact on the current account/monetary policy. A rise in the price of oil means potential outside investors will bet on an improving Russian economy in speculative investment while falling prices will lead to a decline in investments. Oil and gas revenues contribute to macroeconomic stability, but the well-being of the Russian state is always uncertain due to price fluctuations in the external energy market. If energy prices fall to a certain level, this could spell disaster for the Russian economy (Aleksashenko 2012).

Moving forward, I will next give a synopsis of Chapters 2 and 3, which advance a theory of coercive energy policy, conceptualized in previous research (Maness and Valeriano 2013) and apply it to Russia's use of its natural gas endowments for geopolitical and geoeconomic gain in the CIS. Russia utilizes its abilities to challenge rivals, those it has salient issues with, and those states public opinion vilifies. These actions are taken because of Russia's struggling post-Soviet identity, where it sees itself as a great power yet is limited in the amount of power that it can exert (Feklyunina 2008, 2012). I will also introduce Baldwin's (1985) theory on economic statecraft and; using Russia as an example, uncover possible generalizable motives for economic statecraft. I will also attempt to quantifiably measure something that has been lacking in economic statecraft research; whether or not economic statecraft "works."

This study is limited to foreign trade; specifically trade of commodities, so the research uncovered here is only generalizable to this area of international political economy. The research uncovered here will have important implications to international security and perhaps pave a way of behavior toward accommodation on disputes over energy. I examine how Russia has marshaled its new-found coercive energy power and commodities income. Russia, via Gazprom, uses natural gas as a political tool to bring allies and enemies alike closer to their sphere of influence. How did a once independent corporation become the most critical method of achieving foreign policy goals and what sorts of relationships have developed due to this shift in tactics?

E. PLAN OF THE DISSERTATION

The next chapter will review and assess previous research on Russian energy policy, identity, hegemonic stability and coercive hierarchies, and economic statecraft. Where these authors fall short in their theories of economic statecraft can be found in two areas: First, which issues lead to the use of the economic statecraft in the first place; that is, what is the motivation behind Russia’s resorting to using coercive energy policy? Second, is this use of coercive energy policy effective; that is, do the motives behind the coercive energy tactics force FSU states to capitulate and come closer diplomatically, economically, and militarily to the Russian state? Furthermore, do these coercive tactics deter FSU states from getting closer to the West, particularly the United States, diplomatically, economically, or militarily?

Chapter 3 presents the theory of coercive energy policy and its measurements of issue salience, rivalry presence, the particular region under examination, and public opinion to uncover the importance of energy to the Russian state. It also uses constructivist literature on Russian self and external identity (Feklyunina 2008) to further argue for these issue-based motives of coercive energy policy usage. This theory is rooted in the issue-based approach (Mansbach and Vasquez 1981), which argues that the salience of issues are the key to understanding the conflict-cooperation dynamics between states; or the pattern of friendship or hostility. I then present the results of the measurements of Russian coercive energy policy and find that the energy issues of the Near Abroad to Russia are salient for some states and not for others, that the U.S. and Russia are immersed in a regional issue rivalry primarily involving post-Soviet space, that the region is central to Russia’s foreign policy aims, and that the Russian public supports its government’s use of coercive energy policy.

For Chapter 4, I use a method of difference qualitative case study, to uncover in depth the gas pipeline politics Russia uses in two important regions of post-Soviet space: Central Asia and the Caucasus. Russia uses what are commonly known as “pipeline” politics to reign in these states politically. Its aim is to stymie any alternative routes for natural gas pipelines that would circumvent Russian territory. EU and Far Eastern countries are important customers to Russia, and I hypothesize that any attempt, be it American from the West or Chinese from the East, to break the high dependence on either natural gas itself or the Russian pipeline system will be met with heavy coercion, including armed conflict. However, I find that only where the United States has made heavy investments in the energy realm of the Caucasus is there heavy energy coercion from Russia. Where the Chinese have made inroads in post-Soviet space, primarily Kazakhstan and Turkmenistan, Russia has not made any serious efforts to prevent energy investment. The major factor here that explains this difference, I argue, is because of the ongoing rivalry Russia has with the United States. This makes issues of the Caucasus more salient and the public opinion measure of my theory of Russian coercive energy policy back this claim. Through the framework of the theory, I find that U.S. involvement in energy issues of post-Soviet space will lead to more coercion, whereas another major power, China, does not force Russia into a coercive energy policy strategy for Central Asia.

For Chapter 5, I use certain issue-based and contextual variables to see if these factors have an effect on the amount Russia charges these states for its natural gas. Russia charges its FSU customers somewhere in between market prices for the EU and the heavily subsidized domestic price range. I argue that factors such as close ties to the Russian government, ties to the

West, whether or not a militarized interstate dispute (MID) has occurred between pairs of states, whether or not the country is a pipeline transport territory for Russian energy exports, and the amount of ethnic Russians living in the CIS all are relevant to the examination of Russia's use of energy as a weapon towards its post-Soviet customers. Several panel regressions from the years 2000-2011 are employed for this model.

To see if the economic coercion employed by Russia on the Near Abroad works, I use events data and natural gas pricing quantitative analysis in Chapter 6. This chapter looks at how effective Russia's use of coercive energy policy is. I apply panel data regressions that measure the interactions of Russia and an FSU state after the change in natural gas prices. The findings measure whether or not relations between Russian and the particular state soured or improved with the corresponding rise or fall in gas prices. Although the case-specific reactions for each state for each instance of coercive energy tactics may be lost with this method, the analyses of this chapter allow for greater generalizability. For example, if the gas price is increased or does not follow market logic and more cooperative relations are a result, I fail to falsify that Russia's use of energy statecraft has worked and that the means it has employed has met the ends. However, if the rise in energy prices allows for more discordant relations, then I fail to falsify that the means did not produce the desired ends, and that Russia's use of energy statecraft does not work. No scholar to my knowledge has undertaken such a complete analysis of economic statecraft; and I assert that the techniques employed in Chapters 5 and 6 can be used in other economic statecraft issue areas with other states.

Chapter 7 is the concluding chapter and takes the findings of this research to suggest how it can be used in future avenues of research. I suggest how the methods used in Chapters 4, 5, and 6 can be utilized and replicated for other coercive energy-using states in other regions of the world. Situations of rivalry, salient issues, and public opinion will be able to measure the level of coercive energy tactics employed by states that are dependent on energy exports for economic well-being. Issue-based and contextual variables specific to the country or region can also be replicated with the methods of Chapter 5. Finally, replicating the events-data based quantitative methods can measure how effective these coercive energy tactics are for the country and region under examination. Therefore, the findings of this dissertation can open up new avenues of economic statecraft research in particular and international political economy research in general. When does Russia use coercive energy policy and why? This will lead in to the introduction of the theory and framework of the dissertation, as well as set up the hypotheses of the in-depth case study of chapter 4 and the data-driven analyses in Chapters 5 and 6. However, to move forward, first I must illustrate where we have been.

II. LITERATURE REVIEW: RUSSIAN ENERGY POLICY, RUSSIAN IDENTITY, HEGEMONIC STABILITY AND COERCIVE HIERARCHY, AND ECONOMIC STATECRAFT

A. INTRODUCTION: RUSSIAN ENERGY POLICY RESEARCH

This chapter looks at recent research on the topic of Russian energy policy in post-Soviet space, Russian identity literature, theories of hegemonic stability and hierarchy, and economic statecraft. Russian identity is something that is very important to constructivist literature, as Russia has been suffering from an identity crisis for centuries (Tsygankov 2006, 2010; Feklyunina 2008, 2012). What is Russia? Is it European, Asian, or something in between? What is its role in the world? Is it a great power or just a regional one? Can it be considered a global player? Why is this so important to the Russian psyche? Today's Russia is satisfying its great power identity with energy power. Hegemonic stability theory states that for there to be a stable international or regional system, there needs to be a preponderant power to establish and maintain this stability (Kindleberger 1981, Krasner 1976). Hierarchy theory goes further and states that for there to be stability, coercion must not be present (Lake 2009). This is important as I test these assertions later in the dissertation and measure the effectiveness of Russia's coercion with natural gas in its perceived exclusive sphere of influence. Economic statecraft, which is the main focus of this research, and its literature, is paramount in order for me to build upon past research and expand what we know about states that use economics as a foreign policy weapon.

To move forward with the empirical analyses of the dissertation, there first must be evidence that Russia is imposing coercive energy policy in post-Soviet space. After a review of recent literature on the subject, I then move on to prior research on constructivist interpretations of national identity in international relations scholarship, theories of power structures, and hierarchy. Then will come a review of economic statecraft literature and how this past research has fallen short of its goals and how my theory of coercive energy policy bridges these gaps.

First we must find evidence that Russia is not just selling gas to its foreign customers with profit maximization in mind. This is important because it implies coercion by Russia, and that it is not following market principles when it comes to the international gas markets. This means that the sovereignty of the states of the former Soviet Union is being infringed upon by their more powerful Russian neighbor. Orban (2008) finds evidence that Russia is using energy as a new tactic for its imperialism, especially with the former Soviet states as well as those that were once part of the Soviet bloc in Central and Eastern Europe. The most complete work that discusses Russian security ties to its energy foreign policy is Dellecker and Gomart’s (2011) edited volume. This compilation discusses the oil, natural gas, and pipeline statecraft that Russia has engaged in since the fall of the Soviet Union. The contributors find that region and political Moscow-friendliness helps contribute to the amount of economic coercion employed by the energy arms of the Russian state (Gazprom, Rosneft, and Transneft). In-depth case studies of different relationships with different states make this volume a primary contributor to evidence backing the theory of this dissertation. Hubert and Ikonnikva (2003), although somewhat outdated, saw Russian coercion early and do a quantitative study on Russia’s maximization of influence on Europe and Asia’s gas supplies. They theorize that Russia will not look at cost efficiency alone when deciding how to transport their gas to their dependencies. They find that Russia’s maximum strategic choice is the most expensive, a pipeline under the Baltic Sea directly to Germany (Nordstream). This would give Russia the maximum strategic advantage to subordinate its former satellites. Some central former Soviet states such as Ukraine and Belarus are “transit” countries, where pipelines of Russian gas flow through their borders on its way to Europe. This gives these nations some leverage against Russia. Indeed, the Nordstream gas pipeline via the Baltic Sea is now complete, giving this theory its credibility.

Looking at Russia's most important natural gas transit state; Ukraine, Stern (2006) covers the Russian-Ukrainian gas crisis of January 2006. He believes that Russia's decision to cut off gas supplies to Ukraine was a political rather that an economic one. Russia believed that Ukraine was siphoning off gas from its pipeline without permission and owed Gazprom too much money. The move was to coerce Ukraine into cutting a deal to repay its debt. Others believed it was the fact that Ukraine had elected a president who had anti-Russian feelings (Yushchenko and the Orange Revolution of 2004), and this was a political move in order to get him into line. This helps explain the differences in Russian energy policies by region, and presents a special and unique case that is the Ukraine. Putin's disdain over the energy disputes with Ukraine is flushed out by Emerson, Tassinari, and Vahl (2006). They analyze the 10 year anniversary of the Partnership and Cooperation Agreement (PCA) between the EU and Russia. They see three options as possible: whether or not the two parties will continue with the current agreement, devise an updated version, or scrap the agreement altogether. A centerpiece of analysis is the question of the Ukraine. The fact that Ukraine was "Westernizing" under the Orange parties from 2004-2009 and was attempting to integrate itself into the European Community may lead Russia to decide to rethink this agreement (although in 2009 a more pro-Russian government was ushered in to power). Ukraine seems to be a special case when it comes to Russia and its energy policies to the West. This country will be given special attention in Chapter 5, as its proximity to Europe along with its relations with Russia uncovers some unique findings.

Continuing on the topic of Russia's declining cooperation with the West over post-Soviet space, Andrews-Speed (1999) and Milcher and Slay (2005) cover the Energy Charter Treaty and the EU's European Neighborhood Policy. The Energy Charter Treaty is intended to allow for multilateral and multinational cooperation for energy investment, exploration, and prices (Andrews-Speed 1999). Russia has also agreed in principle to the Economic Neighborhood Policy's proposal of the four common spaces: a common economic space; a common space for freedom, security and justice; a space of cooperation for external security; and a space for joint research and education; with energy a key element (Milcher and Slay 2005). The rise of Putin, however, has made these agreements basically moot and non-binding, thus cooperation between EU states and Russia has waned, which has allowed Russia to be more coercive in post-Soviet space. Butler (2011) addresses the role and place of Russia within the former Soviet bloc of Central and Eastern Europe, as many of these states have joined Western institutions since the Soviet breakup in 1991. This is important because I theorize in this research project that Western ties evoke negative foreign policy responses from Russia, which includes coercive energy tactics. Svedberg (2007) and Goldman (2008) look at Russia and its policy toward the FSU countries. Putin has made Russia more authoritarian in nature yet has popular support (Svedberg 2007). The increased revenues of the Russian budget have given the state the means to reassert itself in the region as a regional power, as well as the means to seek its interest that may come into conflict with the West (Goldman 2008).

When it comes to more specific Western-Russian disagreements over post-Soviet space, the works of Karagiannis (2002), Ziegler (2008, 2013), and Kramer (2008) cover Russia's uneasy relationship with the West on the issues of energy in the Caucasus region of Azerbaijan, Armenia, and Georgia. Ziegler (2013) looks at the trust levels the EU has with Russia as a reliable supplier of energy and finds that there is much more to be desired in this shaky relationship. This has led to the EU looking to diversify its natural gas supply list as well as its transit routes that bypass Russia, which runs contrary to Russia's goals and national interest in becoming a resurgent power. Russia sees these pipeline diversification attempts as the work of the United States, which contributes to Russia's more aggressive energy coercion in the Caucasus region (Ziegler 2008). Butler (2011) sees the potential for a 'security dilemma' over energy as Western and Russian companies fight for market share of energy market share in the lucrative market of the European Union. The work of Karagiannis (2002) looks at how pipeline developments are leading to more instability in post-Soviet space. Kramer (2008) goes further and argues that part of the reason for the 2008 Russo-Georgian five-day armed conflict is because Russia wished to paint Georgia in a negative light when it came to Georgia being an alternative pipeline transit country that would supply Europe with oil and natural gas. I further Kramer's claims through the lens of my theory of coercive energy policy in Chapter 3.

The region of the Caspian Sea and Central Asia is also an important energy region to Russia and its national interests, yet as discussed in the next chapter not nearly as salient a region as the European or Caucasus regions of the FSU. Blank (1995), Kalicki (2004), Petersen and Ziyadov (2007), and Yenikeyeff (2008) cover the Caspian Sea region, which includes the former Soviet states of Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan. They believe that the relative isolation of the region and less direct interests by the EU and the United States give Russia a "free hand" in dominating its former dependencies with energy policy and a military presence. This implies that Russia may have more of an imperialist attitude here rather than in other regions. However, inroads made by China and its state-owned energy conglomerates into this region has yet to be countered with the level of coercion found in the European and Caucasian regions of post-Soviet space. This is important and will be discussed in detail in Chapter 4.

Kubicek (1997, 2000, 2001 and 2004) looks at the strategic importance of Central Asia before and after the attacks on September 11, 2001. The region has become a political battleground for influence between the United States, Russia, and China. Before 9/11 Central Asia had only one factor of geopolitical importance: energy. The breakup of the Soviet Union allowed outside powers such as the U.S. and China to compete over energy supplies in the Caspian region. Russia was too weak at this time, trying to keep itself together after the rapid Soviet demise. After 9/11, the region became important militarily for the U.S. and the West to combat transnational terrorists. Russia's motivations for behavior in the region is to dominate the energy sector, yet it must use a more diplomatic approach, as the major powers of China and the U.S. are invested and involved in the region. How these issues are handled by these states will ultimately decide how the geopolitical game in the Caspian region has a conflicting or cooperative end.

Continuing with Russian reassertion in Central Asia, Allison (2004) finds that Russian interests in the region can be summarized in five points: "stability in the region based on close partnerships with the regional states; unimpeded rights of transit across Central Asia to maintain partnership relations with China, India, and Iran; the maintenance of a common economic space with Central Asia, which in the future could assist Russia's economic modernization; the use of the region's geostrategic potential for practical military needs and to preserve Russia's status as a world and regional power; and international recognition of Russia's leading role in the region" (Allison 2004: 283-284). The key to access to the Caspian Sea and Central Asia is a compliant and friendly Kazakhstan. Russia needs Kazakhstan for its regional hegemony ambitions, and Kazakhstan needs Russia for the export of its oil and natural gas to world markets. However Chinese inroads into Central Asia have loosened this otherwise tight-knit relationship.

There is a plethora of literature that attributes Russia's resurgence and assertive energy policy in post-Soviet space to one man and his vision of Russia: Vladimir Putin. Many scholars (Aron, Diuk, Illiarnov, Pointkovsky 2009) see Russian foreign policy as a product of the Putin regime and its growing confidence. Putin has managed to succeed at being both loved and feared. Some scholars (Brown, Nodia, Silitski 2009) describe Russia as corrupt and oligarchic, where the government controls the media and disallows political competition. This political makeup may lead to an assertive and dangerous foreign policy the Putin and Medvedev regimes have administered lately. Under Putin, a one-party system has evolved with United Russia dominating the executive and legislative branch. The Russian Duma serves as a confirmation body for executive (Putin's) policies. Russia is therefore an authoritarian state where the only veto point can be found in the Kremlin, specifically with Putin (Silitski 2009).

Bertil Nygren's (2008) work looks at Russian foreign policy during the Putin era through the eyes of Putin. Nygren splits the post-Soviet space into three basic security, economic, and cultural sub-complexes: the European (Moldova, Ukraine, Belarus), the Caucasian (Georgia, Armenia, Azerbaijan), and Central Asian (Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan). He then gives an overview of the bilateral relations between Russia and each state and then discusses the outside competitors (the United States, NATO, EU, and China) and Russia's relations with these powers when it comes to political, economic, or cultural influence on these states and regions. Nygren's work is comprehensive and complete; however his focus on analyzing Russian foreign policy in the CIS through the Putin prism reduces the generalizability of the project. It is the goal of this dissertation to take into consideration the not only of Putin but other important actors and entities that influence Russian coercive energy policy as well as the point of view from the West.

Smith (2006, 2007) and Trenin (2006) talk of the West's slow reaction to recent moves by Putin and his energy policies. The West in this context means the European Union and the United States. They both point out that the European Union believes that it has little leverage against Russia, as it is so dependent on Russia for its gas needs. They believe that the EU does have leverage and needs to push back. Both the EU and the United States are scorned for their lack of tough diplomacy in regards to Russia's recent actions against Ukraine and Georgia. These articles contribute to my study as they theorize that Russia will bully its former satellites without adequate counter-diplomacy by the West. Many policymakers in the West do not take the importance of the Russian identity (Feklyunina 2008) to the Russian state and culture, which could explain much more about Russia's coercive behavior in post-Soviet space. The domestic setup under Putin in Russia is leading to more coercive policies in former Soviet territory, and the next section discusses the work of constructivist interpretations of Russian coercive behavior in the former Union of Soviet Socialist Republics (USSR).

B. CONSTRUCTIVIST LITERATURE: RUSSIA'S POST-SOVIET IDENTITY

Russia is in an identity crisis, and this is not the first time. In the late 17th century, Peter the Great saw Russia as European, and charged beard taxes to those continuing to wear the well-Known Russian long beards, as well as charged taxes to those wearing traditional Russian clothing, favoring the aristocratic dress of Western Europe. He built a European capital from scratch in St. Petersburg, a port city with access to Europe and a naval port for his growing Russian navy. A century later, Tsar Alexander I saw Russia's role in European stability as the tipping point in defeating Napoleon. Stalin saw the scourge of the Nazis on the European continent during its "Great Patriotic War" as a calling for Russia to eradicate. Today, Russian President Vladimir Putin sees Russia's special role once again, this time to bring stability to the region of post-Soviet space as well as be the balance against the global hegemon, the United States. For all of these examples, Russian rulers have perceived their state as a great power.

Therefore, great power identity is important to the Russian state, and Tsygankov (2010) asserts that the peculiarities of Russian national identity is the key factor in explaining why Russians mistrust the West and seek to reassert Russian power. Tsygankov (2006) also uses the soft power concept and argues that Russian culture and language is now so ingrained in the former USSR that these countries will always be pulled into Moscow's sphere of influence. Putin was a key factor in this process and as his administration revived, for many, the idea of a great and powerful Russia able to protect and project its interests across the globe. For today's Russia, power projection is seen as achievable through its energy power.

Other works on identity are important for this examination. Feklyunina's (2008, 2012) work looks at the concept of image, both self and other, for explanations of Russian foreign policy behavior. The territories of the Tsarist Empire and then later Soviet Union help make Russia what it is, and the loss of control over this huge landmass and population since 1991 has given Russia somewhat of a inferiority complex. For Russia to be satisfied with what it is and how it fits in to the world and its status as a world power, Russia must win back the hearts and minds of its former subjects. For Feklyunina, Russia must use the power it has left, mainly through economic (energy) and cultural (Russian language) influence and dominance (Feklyunina 2012).

The volume edited by Freire and Kanet (2012) is the most complete work to date that uses social constructivist framework to explain Russian coercive behavior in post-Soviet space. The final section of the book looks specifically at Russian energy coercion with its former dependencies. National identity is a collection of ideas where interactions between state and society as well as between the state and external actors conglomerate to explain the peculiar behavior of Russia in the energy sphere of influence in the FSU (Freire and Kanet 2012). It is in this context that I utilize the issue-based approach (Mansbach and Vasquez 1981) to frame my theory of coercive energy policy not only for Russia, but for other states using energy as a foreign political tool in its sphere of influence. However, looking at utilization of power is also important to my framework; therefore next I look at research on power structures and hierarchy in the international sphere.

C. HEGEMONIC STABILITY THEORY AND COERCIVE HIERARCHIES

Hegemonic stability theory has its roots in Kindleberger's (1981) proposition of leadership theory, where the presence of a hegemon, or a state with preponderant power, will absorb the costs of stabilizing the international economic order so that there is forced cooperation in the anarchic international world. If there is a hegemon present, there will be a stable international economy; if not, there will be an unstable international economy. Krasner (1976) theorizes the same implications for free trade: if there is a hegemon, there will be global trade openness; if not, there will be global trade closure. The two different dependent variables from these exemplars have been merged by later scholars (Keohane 1984, Gowa 1994, Snidal 1985, Lake 2009) into what is commonly known as hegemonic stability theory. This theory has been scrutinized for its simplicity and lack of empirical backing. However, it has opened up doors to scholarship where realism and liberalism, as well as international political economy and international security, studies have found common ground. Therefore, despite its shortcomings, hegemonic stability theory has opened up a fruitful box of scholarship whose contributions to international relations research have been immeasurable.

Built on the foundation of Olson's (1965) logic of collective action, hegemonic stability theory asserts that public goods are underprovided unless a small group or one actor will bear the burden of the costs of that good, as these privileged actors will benefit the most from the public good. For Kindleberger, the public good is a stable international economic order; for Krasner, the public good is open trade. The hegemon must assume this burden as long as it can, but is subject to becoming dominant and irresponsible as this assumed leadership will lead to desire for more power and thus corruption. Furthermore, four factors that work against each other will ultimately decide how open or closed each state will be and therefore how open or closed the international economic system will be: size, relative development, power (political), and social stability. If a country is large and relatively developed, it will want to be more open to enhance its national income. However, Krasner argues, this will reduce the state's political power and shake up the social stability in that better opportunities may confront the population through this contact with the outside world. Hegemonic stability theory is theoretically well grounded, however it may be too broad and too overreaching for it to have empirical relevance.

The primary question asked by scholars involved with hegemonic stability theory is, "how is cooperation possible under anarchy?" Hegemonic stability theory attempts to answer this question. What, therefore, is the linkage to hegemonic stability theory and Russian coercive energy policy? David Lake's (2009) theory of hierarchy for powerful states is useful in explaining how Russia interacts with its Near Abroad. Rooted in hegemonic stability theory, Lake assumes that systemic anarchy can be tamed by hierarchies of powerful states (Kindleberger 1981, Krasner 1976). Hegemonic stability theory argues that with the presence of a hegemon, or leader, the collective good of free trade and stability will flourish. The leader coerces its subordinates into compliance with its vision of stability, and these subordinates are basically forced to comply because of power considerations. For Lake, hegemonic stability theory is theoretically sound and empirically valid theory of modern institutionalism, yet it misses one critical factor that led to its possible empirical anomalies: coercion. Lake suggests the subordinate states must willfully accept the leadership of the hegemon. It is in the self-interest of minor states to follow the leader of the hegemon because the relationship is reciprocally beneficial.

According to Lake, security concerns are of secondary importance, and systemic power concerns are not theoretically valid. The strength of a hierarchy is dependent upon the adherence to norms and institutions of the hegemon. Russian-backed norms and institutions are not universally accepted and this leads to gap in application. Some states such as Russia will use coercive diplomacy to achieve foreign policy goals in a regional hierarchy. Norms and institutions fail in regions that have a proliferation of rivalries and highly salient issues, and it is through this lens that my theory of coercive energy policy can be combined with regional hierarchies to explain how states act the way they do in a regional subsystem. Coercive economic statecraft, resentment, and bullying become the norms for Russo-post-Soviet state interactions because of historical patterns or active disagreements, as well as Russia's need for a great power identity. Next I cover works on economic statecraft which will segue into the next chapter, the theory framework of this dissertation: called coercive energy policy.

D. ECONOMIC STATECRAFT

There is no agreed upon method to study economic sanctions against countries. Martin (1992) finds that institutions help states cooperate on implementing sanctions against misbehaving states, even in the advent of the decline of American hegemony. She finds that bandwagoning, or joining the sanctioning side, happens more than balancing, or providing for parity in a dispute, most of the time. It seems that power balancing is not the norm for international disputes, even in the Cold War era, where balance of power assertions (Waltz 1979, Walt 1987) had their heyday. Institutions allow for information to be shared more readily and give the initial sanctioning state credibility so that other states join in the sanctioning process. An important point that Martin makes is that when states impose sanctions on targets, the targets are usually not affected severely, as usually the targets can substitute the embargoed goods or policies from other states. Usually, the sanctioning state cannot monopolize the good or service being embargoed unless there is widespread consensus from the international community. This point is important for the purposes of this study, as Russia does have monopolies on natural gas as well as gas pipeline access with much of its former empire, which gives Russia the ability to effectively impose economic statecraft on the states of post-Soviet space.

Hufbauer, Schott, and Elliot (1990, 1998 hereafter HSE), Pape (1997, 1998) Bapat and Morgan (2009), and Morgan, Bapat, and Krustev (2009) get into a theoretical and empirical debate about whether or not economic sanctions actually work, that is, change the behavior of the state being sanctioned. HSE argue that economic sanctions work in 40 out of 115 sanctioning events, giving economic sanctions empirical validity. Pape (1997, 1998) argues that most of these "successes" are due to other policies such as military intervention complimenting the economic sanctions and finds only five successes where economic sanctions alone changed states' behavior using the same sample. They find that unilateral sanctioning is more effective than sanctions imposed on a target by multiple actors. These authors use qualitative analysis and expert reasoning, which does not make their cases for empirical validation. However, Morgan, Bapat, and Krustev (2009) have constructed a new dataset and find that multilateral sanctions are effective, while unilateral sanctions do not change state behavior more often than not, which is the opposite of what is found with the HSE studies. This is important because Russia is imposing economic sanctions unilaterally against the states of the former Soviet Union. Lastly, all of the authors above use the costs to states, either the target or sanctioning state or both, in monetary values. I argue that a new tool, events data, can open new avenues in measuring the effectiveness of economic sanctioning. My research gets to the bottom of this debate with the quantitative analysis in Chapter 6.

1. <u>Baldwin's Economic Statecraft</u>

Baldwin (1985) gives a very coherent and complete analysis on economic statecraft. The purposes of his study are to reassess and reevaluate economic statecraft scholarship and introduce new ideas when analyzing the "successes" and "failures" of renowned instances of international economic statecraft. Recalling his definition, economic statecraft is "offering economic rewards or withholding economic advantages in order to make other international actor(s) do what they would not otherwise do means using economics as an instrument of politics" (Baldwin 1985: Preface). His thesis consists of three parts: "1) the utility of economic techniques of statecraft has been systematically underestimated by most analysts since 1945; 2) that the study of economic instruments of foreign policy has been neglected relative to the study of other policy tools; and 3) that the social power literature developed since 1950 provides a useful framework within which to study economic statecraft" (Baldwin 1985: 4).

Baldwin believes that the realist paradigm, which mainly looks at material power and peace through strength, has largely failed economic statecraft scholarship because the techniques do not get Actor A to get Actor B to do something they would otherwise not do, most of the time. Baldwin believes that states that employ these techniques on targets many times do not intend for the target to capitulate. Many times the motives have to do with states' international reputation and the tough choices states must make. Armed conflict may be perceived as too aggressive while mere diplomacy may be perceived as the international community's questioning the state's resolve. For economic statecraft, Baldwin asserts, material power is not what should be the focus (Baldwin 1985).

Economic statecraft lies somewhere between diplomacy and armed conflict on the coercion scale of international policies of states (Baldwin 1985). Baldwin does not completely dismiss the realist notion that material power and zero-sum games are the primary motivations for states' implementation of economic statecraft. He asserts that the dominance of the paradigm since 1945 has stalled the research area and that a fresh approach is warranted (Baldwin 1985). He believes that what he calls "social" power, or what Nye (2004) might refer to as "soft" power, can be a determining factor behind motivations for states' use of economic statecraft. The state is less concerned about the target's capitulation to demands or change in current policies than it is about setting an example to the world, upholding their international reputation, and avoiding a "loss of face" to key allies. Tsygankov (2006, 2010) and Feklyunina (2008, 2012) touch on these concepts with Russia as the specific focus.

An example of an this alternative perspective for economic statecraft can be found with the grain embargo the United States and Soviet Union in 1979. This was seen by many as a huge failure. American farmers lost crucial revenue because of this loss of export, and the Soviet Union did not pull back its forces in Afghanistan, which was the reason behind the sanctions. The United States incurred huge costs to their domestic market, the Soviet Union was able to get its grain elsewhere, and the war in Afghanistan grew more violent and bloody. However, through Baldwin's lens, this grain embargo was not the epic failure that may have contributed to Jimmy Carter's electoral defeat in 1980. Carter could not attack the Soviets diplomatically, as he would look weak to not only the Soviets but to American allies. He also could not risk direct military involvement, as the ever-looming threat of nuclear war is always present when the U.S. and Soviets become too aggressive with each other. The grain embargo, according to Baldwin, was to show the Soviets American resolve in that it would just do nothing in the face of Soviet aggression. It also showed American allies worldwide that they could count on American resolve when it came to the Communist threat. Baldwin's social power idea therefore provides a new perspective that does not look at material power and policy-change endgames when it comes to economic statecraft.

Baldwin's perspective on economic statecraft thus bridges a gap between strictly realist perceptions of success and failure and a new theory of looking at the means and ends of power politics strategies. Therefore, motives behind economic statecraft can be rooted in material power and coercion in order to get the target in line with the sanctioning state. It can also be rooted in the sanctioning state's motives to look benevolent, maintain a reputation, and garner more support against the target. For Baldwin, identity and reputation, concepts important to constructivist literature discussed earlier in this chapter, help explain the seemingly superficial irrational behavior of states that employ economic statecraft. To disseminate which motives may be at play for Russia, I go further yet and argue that this new perspective can contribute to Baldwin's work with the construction of a new theory grounded in the issue-based approach (Mansbach and Vasquez 1981). Studying power politics strategies through a new lens could serve economic statecraft research well, and this is the goal of the research of this dissertation.

E. CONCLUSIONS

It is likely that the general literature on Russian energy coercion, the constructivist factors, plus the ones grounded in economic statecraft literature, may all combine to collect enough empirical evidence to produce certain generalizable outcomes. Russian coercive energy policy in post-Soviet space is motivated by political obedience and pipeline monopolization, both of which have power maximization in mind; domestic political concerns, national identity, and also the need to keep the United States and the West out of the Russian sphere of influence (Mourtizen and Wivel 2012). Post-Soviet space must be kept in Russian hands and the 2008 conflict against Georgia was mainly motivated by the desire to keep Georgia from moving towards the West through NATO or the EU, as well as the territory where oil and gas pipelines have been built to circumvent Russian territory, thereby decreasing Russian energy monopolization in post-Soviet space. Portraying Georgia as an unreliable transport territory for oil and natural gas was another motivation for the conflict in August 2008. As I detail in Chapter 4, however, the opposite has happened and Georgia, although still recovering, still presses for Western integration.

Russian identity literature is important because it explains why Russia may be behaving the way it is with its energy power in post-Soviet space. Today, as throughout its long history, Russia has identified itself as a world power, and therefore its role in the world is crucial to international stability. Russia is therefore projecting itself as a major power through the power that it has; energy. Not only is this important for Russia, but it sees it as important to the perceptions of other major powers that Russia's sphere of influence is its own; and this new, post-Cold War sphere of influence is the region of the former Soviet Union.

The power-based theories of hegemonic stability and hierarchy are important to the empirical aspects of this dissertation. In order for there to be stability in a region or even globally, a preponderant power must be present to ensure this stability with its resources and foreign policy choices. Russia sees itself as that preponderant power, however, in order for a hierarchal regional structure to be effective, the subordinate states must want to be part of the hierarchy, and not coerced into it (Lake 2009), such as the utilization of coercive energy tactics with natural gas and pipelines.

Building upon the identity and power theories, the importance of economic statecraft literature adds to the empirics of this dissertation in that I am using a new approach to uncover the tenets of the theories of this niche of research: do economic sanctions work? In other words, do the economic sanctions employed by a sanctioning state change the foreign policy behavior of the target states in the ways in which the sanctioning state intended? The importance of utilizing events data is where I will be contributing to the research of this important field of study. I hope the utilization of events data will be used in other fields of international relations research when uncovering the behavioral changes of states.

While the views discussed thus far are important and add great insights into energy coercion, they often fail in achieving any sort of generalizable theory explaining these Russian actions. The goal of this dissertation is to not just explain Russian coercive energy policy, but to also explain how all states with heavy natural resource-driven economies and regional power projection operate in the international system. With a new viewpoint on economic statecraft grounded in the issue-based approach (Mansbach and Vasquez 1981), next I present the theory and framework driving the findings of this dissertation, my theory of coercive energy policy.

III: A THEORY OF COERCIVE ENERGY POLICY

A. INTRODUCTION: BRIDGING THE GAP

This chapter discusses how the past research discussed in the previous chapter has fallen short on coming up with generalizable empirical assertions about Russia's use of energy policy in post-Soviet space, its shortcomings in uncovering the motives behind Russia's use of this policy, and whether or not the policies used by Russia actually work. Furthermore, I argue that issues pertaining to economics, specifically hydrocarbons, can contribute to hostilities between rivalries, and how this assertion may open new avenues for rivalry research (Peters 2004). Rivalry research, utilized with economic statecraft research, may explain why states behave in a seemingly irrational manner when imposing sanctions on their adversaries or subordinates in regional hierarchal systems. How Russia uses its coercive energy policy in the former Soviet Union will lead me into the hypotheses of the theory of coercive energy policy.

How might I assert that the policies of natural gas giant Gazprom, a semi-independent and powerful multinational corporation, are the same as that of the Russian state, the entity that is the main culprit behind coercive energy policy? Surprisingly, energy contracts between corporations and companies across borders, even for the most transparent and democratic of states, require the intricate involvement of home governments. As Stern (2012) notes, "In virtually every country governments reserved for themselves (or their regulatory authorities) the right to accept, change, or reject agreements arrived at in negotiations between the commercial parties. Thus, although in theory gas pricing should be decided by commercial parties, in reality most contractual and pricing decisions are at least approved (and in many cases decided) by energy ministers – if not prime ministers and presidents – in importing and exporting countries" (5). Therefore, especially in a state such as Russia where the government owns over a 50 percent stake in Gazprom, I can make an evidence-based assertion that Gazprom policy is Russian policy.

The empirical record since the end of the Napoleonic age will show that when states interact in the system, they interact with power politics behavior in mind (Morgenthau 1948). Vasquez defines the practices of power politics as “actions based on an image of the world as insecure and anarchic which leads to distrust, struggles for power, interest taking precedence over norms and rules, the use of Machiavellian stratagems, coercion, attempts to balance power, reliance on self-help, and the use of force and war as the ultimo ratio” (Vasquez 1993: 86).

The power politics view of foreign policy and its widespread use is largely due to the dominance of realism since World War II. National interest through power is the important tenet for this dominant paradigm of international relations scholarship. A state’s best interest is served by building up arms in face of attack and the collecting allies in the face of any threat by outsiders (Walt 1987). These threats are commonly handled via coercive diplomacy to deter the other side from acting or to coerce with threats into changing policies that are more in line with the pressing state’s strategic interests (Levy 2008). Coercive diplomacy can work for some situations, but usually this only leads to more conflict, rivalry, and strong enemies (Valeriano 2012). The ends of the policy do not meet the means, and the target’s reaction is the opposite of what was intended.

Due to a legacy of authoritarian rule, the Cold War, a military culture, and its self-identification as a great power, Russia has become known for its use of power politics strategies. For Russia, power politics has become a cultural point rather than a strategy, as Johnston (1995) may argue through his work on strategic culture. Power politics strategies can actually escalate disagreements rather than mitigate them (Leng 1993). As with Russia, when power politics strategies become part of the strategic culture, these coercive strategies will become the normal reaction to situations, a standard operating procedure under the context of a rivalry or a contentious territorial dispute (Vasquez 1993). This strategy has been coined in previous work (Maness and Valeriano 2013) as situational coercive diplomacy.

B. COERCIVE DIPLOMACY

Coercive diplomacy "is a strategy that combines threats of force, and if necessary, the limited and selective use of force in discrete and controlled increments" (Levy 2008: 539). Threats of force and military brinksmanship rarely come into play for most foreign policy interactions; it generally is the domain of last resort or specific situations (Leng 1993). Coercive diplomacy, the threat to use force, and "hardliner" stances are used by particular states and operate only under certain contexts (Senese and Vasquez 2008). Power politics are the exception rather than the rule, although realists would have us think otherwise.

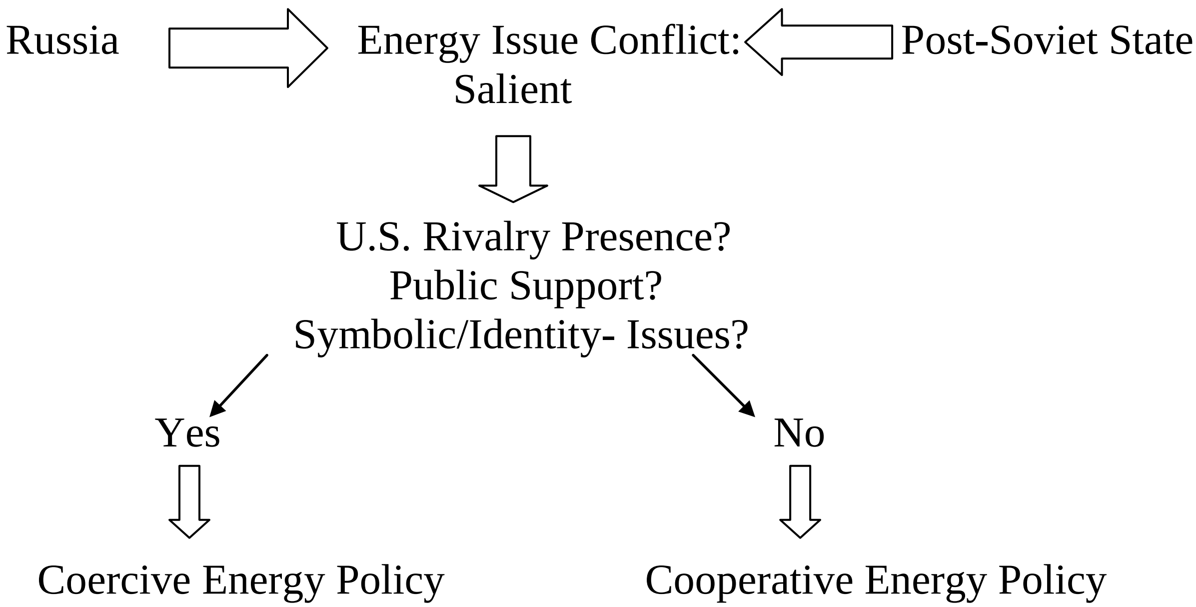
Maness and Valeriano (2013) have found that power politics and their use in international interactions are mainly present in two contexts: rivalries and salient issues. Power politics tactics can both create and make enduring an international rivalry (Valeriano 2012). For states embroiled in a rivalry, power politics coercive diplomacy becomes part of what is known as the normal relations range of interaction (Azar 1972). Past interactions between two rival states need to be examined to understand the challenges states face in stopping rivalry behavior (Diehl and Goertz 2000). In other words, the past shapes the future. Conflict events, even in the distant past, influence how states respond to contemporary challenges. Rivalry is defined as a situation of longstanding animosity where the issue positions of the two states are orientated towards the other in order to deny a gain to the other side (Diehl and Goertz 2000). Empirically, it is measured either through historical perceptions (Thompson 2001) or through the number of crises and disputes a pair of states have engaged over time (Diehl and Goertz 2000). Factors that lead to and sustain rivalries include, but are not limited to, alliances, arms races, territorial disputes, and newly independent states (Valeriano 2012, Diehl and Goertz 2000, Vasquez and Leskiw 2001, Maoz and Mor 1998).

The other form of interactions involving power politics behavior is salient critical issues which can take on symbolic stakes. These issues are typically territorial issues but they can also take the form of transcendent issues that can become intangible (Mansbach and Vasquez 1981). These include regime leadership, hierarchical power relationships, or political ideology in a region. Next I will explain the contexts critical to the making of foreign policy outputs to better illustrate when states choose to use power politics in foreign policy decisions.

C. THE ISSUE-BASED APPROACH

This section introduces the measurements of coercive energy policy that will lead states to either act coercively with other states or seek cooperative outcome, illustrated in Figure 4 and discussed in the following paragraphs. The issue-based approach argues that an issue area contains contention among actors over proposals for the disposition of stakes among them, as well as the issue dimension, which refers to the manner in which actors perceive and define the issue before them (Mansbach and Vasquez 1981). In contrast to power-based theories, looking at issue areas, and how salient states perceive them to be, will allow for more accurate predictions of foreign policy outcomes. Power-based theories assert that because State A is more powerful than State B, State A will get its issue preference over B. As this scenario does not happen all of the time according to the empirical record, looking at issue areas and how salient State A finds it in relation to State B could explain who gets what in the international arena better than power-based assertions.

Figure 4: Sources of Russian Energy Policy Outlook



Mansbach and Vasquez (1981) give four basic issue areas that have different means and ends: issue areas which have intangible ends and intangible means, issue areas which have intangible ends and tangible means, issue areas which have tangible ends and intangible means, and issue areas which have tangible ends and tangible means (Mansbach and Vasquez 1981: 31). Issue areas with tangible ends imply that the stakes can be divided up, that is, they are observable or physical. Territorial issues are usually able to be divided up tangibly. Tangible means equates to how the issues can be settled or divided up. Usually there are international regimes that can lead to tangible means, as states have agreed upon ways to dividing the stakes so that every contender can come out a “winner.” Intangible ends imply that the stakes are more abstract; that they are hard to make divisible and are not physically observable. An example of this may be the democratization of a region or state. Many actors with stakes may have different definitions of democratization, and it may be hard for all contenders to be satisfied. Intangible means denotes how the stakes are to be handled or divided. For many territorial disputes, although the ends are tangible in that the territory is divisible and physical, the feelings associated with these issues are usually intangible. Many times states see the territory as symbolic, part of the homeland, and will be willing to fight for the whole territory because of its symbolic nature (Mansbach and Vasquez 1981, Hensel 2001).

While not a traditional territorial issue in the form of a boundary question, the question of political dominance of post-Soviet space is an issue that is territorial in nature according to the idea of spheres of influence. The work of Peters (2004) shows evidence for conflict escalation over energy issues with the United States in the Middle East, and this logic can be applied to Russia and post-Soviet space in the theory presented in this chapter as well. Territorial disputes between Russia and its Near Abroad neighbors can be over disputed territory as well as the territorial disputes pertaining to oil and gas pipeline transport and access. The latter dispute type is central to the research of this dissertation; however the former is also important in delineating reasons for Russian coercive energy policy. Georgia has a territorial dispute with Russia over the status of the separatist enclaves of Abkhazia and South Ossetia, which could help explain Russia's use of coercive energy policy on Georgia. Ukraine is in a territorial dispute with Russia over the status of the Crimean Peninsula, where Russia's Black Sea Naval Fleet is based. Eighty percent of natural gas from Russian natural gas to Europe is transported through Ukrainian pipelines; and bargains over ownership, regulation, and pricing is always a hot topic for the Russo-Ukrainian dyad (Stern 2006). These types of disputes have concrete stakes and tangible ends, but the means in which they are handled, which are intangibly, make the issues of post-

Soviet space for Russia particularly salient, leading to coercive tactics in energy policy as well as other issue areas.

Issues pertaining to the former USSR can also become particularly salient when outside powers try to usurp Russian political influence in post-Soviet space. This is particularly true of the United States' growing influence in the former USSR, particularly in Nygren's (2008) European and Caucasian regional security sub-complexes. As will be argued in the next chapter, as the U.S. and Russia are embroiled in a rivalry, the issues pertaining to energy in post-Soviet space that involve the United States become very salient, which can lead to Russian coercive energy policy on any Near Abroad state that gets too politically or economically close to the American government or American energy companies. Outside rivalry presence in post-Soviet space can therefore lead to Russian coercive energy policy.

"For the most part, actors contend for stakes in the belief that access to them will afford immediate value satisfaction. These are concrete stakes" (Mansbach and Vasquez 1981: 61). Therefore, when the stakes are concrete, that is, when they are divisible in some finite way, they are tangible. Tangible stakes can be resolved by equally dividing up the spoils in some agreed upon or fair way. However, the means for which these stakes are handled, intangibly, are how disputes become more conflicting and salient to states. States will begin to forgo rationality and attempt to burn the other side at any cost (Valeriano 2012). Rivalries will develop, the intangibility of stakes and issues will spread, and coercive tactics in foreign policy for the two states will become the norm. Therefore, the tangible stakes yet intangible means to pursue the ends will lead to the energy and territorial issues of the states of the former Soviet Union to become highly salient. The great power identity of Russia and its need to politically dominate the region of post-Soviet space to satisfy this identity, the presence of the regional issue rivalry of the U.S. and Russia over the political fate of the region, and the public opinion of the Russian people are all contributing factors to the disputes over territory in the former USSR not being resolved in a peaceful or rational manner, and therefore coercive diplomatic tactics will proliferate. This leads me to the introduction of the four hypotheses of this chapter and the qualitative examination of the next chapter:

H1: If the energy salience level is high for a state and region of post-Soviet space, coercive energy policy will be used by Russia to keep the countries of this region within its sphere of influence; and if the energy salience level is low, accommodative energy policy will be allowed by Russia, where Chinese energy investment will be tolerated.

The issue-based approach (Mansbach and Vasquez 1981, Hensel 2001) argues that the higher the salience an issue is to a state, the higher the likelihood that coercive tactics will be employed to satisfy the perceived wrong. The next section introduces an energy salience scale, with possible scores of 0 to 13, of the 14 states of Russia's Near Abroad. These contextual measures are altered from Hensel's (2001) salience scale of territorial issues. I expect that when an energy salience score is high for Russia with a post-Soviet state, the higher the probability that Russia will use coercive energy tactics against that state. Furthermore, if the post-Soviet state is accepting energy investment from Russia's major power rival, the United States, I also expect coercive energy tactics to be employed by Russia. If China is involved in the energy investment of post-Soviet states, however, this will lead to more accommodative energy policy. This leads to the second hypothesis:

H2: States in post-Soviet space that allow American energy investment as its primary external funding source will have a higher likelihood of Russian energy coercion than those states that allow Chinese energy investment as their primary external funding source.

The presence of a rivalry intensifies the issue salience between two states, and leads to coercive, power politics strategies in order to burn the other side, sometimes even at great costs to the coercive state (Valeriano 2012). Maness and Valeriano (2013) have found evidence that the U.S.-Russia rivalry continues, although it has shifted from a geopolitical rivalry to a regional issue-based rivalry in post-Soviet space. When there is a U.S. presence in the energy affairs of a post-Soviet state, in the form of the United States as the primary external investor (besides Russia), I expect that state to be the victim of Russian energy coercion, whereas when there is an absence of the U.S. in the energy affairs of a post-Soviet state, I expect Russian energy coercion to be minimal. Furthermore, the presence of China in the form of the primary external investor in these states energy infrastructure (besides Russia), a major power ally of Russia, in the energy affairs of a post-Soviet state will also minimize Russian coercion. This hypothesis is tested in detail in Chapter 4. I also argue the Russian public perceives China as an ally and the United States as an enemy, which leads to the next hypothesis:

H3: The closer to unanimous that public opinion on energy issues is, the more public opinion serves as cues to the Russian governments as to how salient an issue is, and motivates the Russian government to act coercively or seek cooperative outcomes; thus public opinion of the Russian people will serve as one of many important indicators of the level of Russian energy coercion employed against the states of the former Soviet Union.

The work of Holsti (1992) and Colaresi (2005) find that the perceptions of a country's public can be a contributing factor to the foreign policy of a state. This does not imply causation; what is being hypothesized here is that the public opinion of Russia's use of coercive energy policies can justify its use more easily, and therefore lead to its implementation with fewer reservations by the Russian foreign policy elite. As the Russian state controls much of the mainstream media and thus the flow of information in many cases, hypothesizing causation in this direction for Russian policymakers is more difficult than for policymakers of more democratic regimes, which have privately owned media companies that question the behavior of governments in a more open forum. However, I am confident that the Kremlin uses this control of information to gauge what the Russian people want, as the Levada Center and the Russian

Public Opinion Research Center are prominent organizations that regularly poll the Russian public on all issues, which include in-depth questions about how their government conducts their foreign policy. These two polling organizations are highly regarded and the government allows for their existence in a relatively censored state, which indicates that the Kremlin regularly uses public opinion polls to place limits or get approval on its foreign policy behavior. I find evidence that the Russian public approves of the coercive energy tactics employed by their government against states of the former Soviet Union. These opinions may also have something to do with the identity perceptions of Russia and its people, which lead to the fourth hypothesis:

H4: The three regions of post-Soviet space, the European, Caucasus, and Central Asian, have different great power identity salience to Russia and its people, and the higher the identity salience for a region, the higher the use of coercive energy policy by the Russian state.

The three regions of the former Soviet Union: the European, Caucasus, and Central Asia (Nygren 2008) will have different salience levels due to how historically, economically, and culturally intertwined with Russia each region is to Russia. The issue of energy in post-Soviet space will be highly salient due to the need for natural gas transport and pricing through post-Soviet territory, as Russia sees this as essential in regaining and maintaining its great power identity, something perceptively lost due to the USSR's fall. I argue that this identity crisis increases the probability of coercive energy policy by Russia in post-Soviet space. Russia needs to be a great power, and to be a great power it needs to project power through power politics (Vasquez 1993). The following sections further the arguments of the four hypotheses above; which then leads into Chapter 4, which presents a comparison of the Caucasus and Central Asian regions through qualitative empirical evidence that find support for these hypotheses.

D. SALIENCE OF THE FORMER SOVIET UNION TO RUSSIA

Salience is a key factor left out of the analysis in many examinations of international affairs. "The salience of an issue is the degree of importance attached to that issue by the actors involved" (Diehl 1992: 334). It is just as important to ask how much a good is valued to you as it is to ask what goods you want. Issues perceived to be highly salient to both sides will often lead to armed conflict, while less salient issues will usually end in third party mitigation, negotiation, and peaceful settlement important in the bargaining literature (Hensel 2001). It is the highly salient disputes that are troubling for the international system.

Maness and Valeriano (2013) use Hensel's (2001) territorial issue salience measure to find out how important the region of the Arctic is to states. This concept and measure is adjusted for Russia's salience scores for energy in post-Soviet space. The question I answer in this section is how salient is the energy issue to Russia for each post-Soviet state as well as each of the three regions of the former Soviet Union? Russia is vying for territorial claims for the monopolization of transport and pricing of natural gas to European countries, regional political hegemony, and protection of ethnic Russians living in the countries of the former Soviet Union. A measurement of issue salience is tricky, yet scholars have attempted and succeeded in giving us guidelines on how to measure the importance of issues to particular states. Hensel's scale for the salience of territorial issues is derived from the Issue Correlates of War (ICOW) dataset on territorial disputes (Hensel 2001, Hensel et. al. 2008). The data for this set is limited to the Americas, and therefore is not available for disputes over the post-Soviet region. I am able to adjust this scale through an examination of the issues which encompass the stakes of this all-important region for Russia, as well as for each possible dyad between Russia and the other 14 states of the FSU. How salient is the energy issue to Russia with each state, and is it willing to use coercive energy tactics, or even fight for what it perceives to be rightfully its own?

The issue salience scale developed by Hensel (2001) is a 12-point index where a point is given to each state if it meets each of the six salience indicators. Therefore, an issue is considered very salient if the dyad gets a score of twelve, and not very salient if the dyad gets a score of one. An issue is considered highly salient if the score lies between eight and twelve, moderately salient if the score is between five and seven and of low salience if the score is four or fewer. The six factors measuring issue salience for territorial claims are (Hensel 2001: 94):

1. <u>The presence of a permanent population.</u>
2. <u>The (confirmed or believed) existence of valuable resources.</u>
3. <u>The strategic economic or military value of the territory's location.</u>
4. <u>The existence of a state's ethnic and religious kinsmen in the territory.</u>
5. <u>Whether or not the territory is considered part of the homeland or is a dependency.</u>
6. <u>Whether or not the territory is part of the mainland or is offshore.</u>

Along with these initial salience indicators, Hensel (2001) incorporates other factors contributing to either peaceful settlements or escalating conflict. They are: issue management, past interactions, institutional context, and the characteristics of the "adversaries." Therefore eight points are added to the scale to give it a 20-point index. These supplemental factors are only given scores of "2" or "0", and are operationalized according to this scale.

7. <u>Issue management:</u> entails how issues and their stakes have been handled in the past: either peacefully or with force.

A score of "2" is added if past interactions involved force, "0" otherwise.

8. <u>Past interactions:</u> only pertain to past military conflict between states for the past fifteen years.

This measure counts the number of militarized interstate disputes (MIDs) for dyads occurring within the fifteen year threshold (Ghosn and Bennett 2003). Scores of “2” are given to the pair of states if there have been recent MIDs, “0” otherwise.

9. “Institutional context: measured as a count of multilateral treaties and institutions calling for the peaceful settlement of disputes that both states have signed and ratified” (Hensel 2001: 97).

Hensel looks at the presence of signed treaties or membership in institutions and codes a “2” for their presence, “0” otherwise.

10. Adversaries: measures whether or not the pair of states under analysis are democratic, mixed between democratic and non-democratic, or both non-democratic.

The democratic peace research paradigm has empirically found that democracies rarely resort to armed conflict over disagreements (Ray 1993). A score of “2” is given if there is the presence of a mixed dyad (democratic and non-democratic), “0” if it is an authoritarian pair of states or democratic pair of states.

E. THE ENERGY SALIENCE SCALE

I alter this scale for the purposes of this specific analysis of energy coercion, and not solely territorial disputes.[7] This scale is meant to measure salience for Russian policymakers. This salience scale is a mixture of being intrinsic, where change is difficult and can only happen with natural gas discoveries, pipeline construction, regime change, or huge demographical shifts; and relational, where changes in international organization membership could quickly change the dynamics of relations between Russia and post-Soviet states. I hope that this altered scale can be utilized for all states that use their energy endowment for political gain in a particular regional

[7] Hensel issue salience measures not used in this analysis because they do not pertain to this study of energy coercion: 1, 5, 6 and 7.

sphere of influence. The first five energy salience scores are the more intrinsic ones, while the sixth one is the more dynamic and relational one. The altered coercive energy salience indicators are part of a 13-point index and are as follows:

1. Natural Gas: Whether or not the post-Soviet state has natural gas endowments of its own, and therefore can use Russian pipelines to transport its gas, or alternatively use a non-Russian pipeline export route.
2. Transit: The post-Soviet state is a current transport state for Russia and serves as a go-between to markets outside of post-Soviet space, or is a transit country that circumvents Russian pipelines and also serves external markets.
3. Ethnic: Whether or not a post-Soviet state has 15 percent or more ethnic Russians residing in its territory (15 percent is the average amount of Russians who live in all countries of the former USSR, therefore countries that have more than 15 percent are above average, and serve as a logical cut point). The work of Ayres (2000), Saideman (2002), Jenne (2004), Saideman and Ayres (2007), and Jenne, Saideman, and Lowe (2007) find that the amount of external support that ethnic minorities receive in the face of discrimination has important international and regional stability implications. Here I argue that the more ethnic Russians in a post-Soviet space, the higher the probability for radicalization and; therefore, the higher the probability for a crackdown on these ethnic Russian minorities. This will lead to a reaction by Russia in the form of coercive energy policy. Therefore, when a state has over 15 percent of ethnic Russians comprising their population, the more Russia will monitor the treatment of these people and react with coercive energy policy if they are perceived to be mistreated.

4. Past interactions: look at past military conflict between states for the past fifteen years. This measure counts the number of militarized interstate disputes (MIDs) for dyads occurring within a fifteen year threshold (Hensel 2001).

5. Adversaries: Estonia is democratic, Kazakhstan is authoritarian, while Russia is not considered a full-fledged democracy and also is considered an authoritarian regime (Silitski 2009). Furthermore, as Kramer (2008) notes: “Putin (with his own authoritarian bent) seemed most comfortable when dealing with authoritarian leaders who will support Russia’s interests and align their countries squarely with the CIS” (5). Therefore, any mixed dyads (democratic-authoritarian) involving Russia implies ties to the West, which is an important measure for this dissertation. Western ties lead to discord and thus raise the probability of Russian coercive energy policy. All of the above measures receive a “2” if the variable is present, “0” otherwise. The measures for each post-Soviet state are listed in TABLE II.

TABLE II: NATURAL GAS SLAIENCE SCORES BETWEEN RUSSIAN AND FORMER SOVIET STATES (LOW 0-4, MODERATE 5-9, HIGH 10-13)

Post-Soviet state	Natural gas	Transit	Ethnic	Past Interactions	Adversary	Institutional	Total
Ukraine	0	2	2	2	2	2	**10**
Georgia	0	2	0	2	2	2	**8**
Azerbaijan	2	2	0	2	0	2	**8**
Latvia	0	0	2	2	2	2	**8**
Moldova	0	0	0	2	2	2	**6**
Estonia	0	0	2	0	2	2	**6**
Lithuania	0	0	0	2	2	2	**6**
Kazakhstan	2	2	2	0	0	0	**6**
Belarus	0	2	2	0	0	0	**4**
Turkmen.	2	2	0	0	0	0	**4**
Uzbekistan	2	2	0	0	0	0	**4**
Kyrgyzstan	0	0	0	0	2	0	**2**
Armenia	0	0	0	0	2	0	**2**
Tajikistan	0	0	0	0	0	0	**0**

Also in TABLE II is the relational and most dynamic part of my altered coercive energy salience measurement scale (altered from Hensel measure number 9):

6. The Institutional Context: Here I measure the level of Western or Moscow-based ties more specifically and more dynamically. The scale for this salience measure ranges from 0 to 3. I use three Western-based organizations and give each post-Soviet state a score of "1" when membership is present for each organization. The three Western institutions are the European Union (EU): either the state is a full member, or a member of the EU's (economic) Neighborhood Policy, where reduced barriers and economic integration are encouraged; the North Atlantic Treaty Organization (NATO), a traditionally adversarial organization to Russia; and GUAM, the acronym for the four countries who have signed an agreement to cooperate more with the West: Georgia, Ukraine, Azerbaijan, and Moldova. States will lose the points gained

from belonging to Western institutions if they are also members of Russian-backed organizations. States who belong solely to the more Russia/Eurasian-friendly organizations will have scores of “0”. The three pro-Russian institutions are the Collective Security Treaty Organization (CSTO), post-Soviet Russia’s answer to NATO; the Shanghai Cooperation Organization (SCO), the Russo-Chinese led economic organization in post-Soviet space; and the Eurasian Economic Community, post-Soviet Russia’s answer to the EU. I therefore now have a scale where the maximum score is 13 and the lowest score can reach as low as 0.[8] I expect dyadic scores of 0 to 4 to be of low salience for Russia; scores of 5 to 9 to be of moderate salience; and scores of 10 to 13 to be of high salience for Russia and therefore these states should expect Russian coercive energy policy. All scores are compiled looking at news reports, scholarly articles, organizational websites, and relevant datasets (Ghosn, Palmer, and Bremer 2004, Hensel and Mitchell 2013, Marshall 2013).

Looking at TABLE II, only the state of Ukraine receives a high salience score for the energy salience measurement scale. Ukraine, according to Nygren (2008), is the most important geopolitical and geoeconomic post-Soviet state to Russia. It is the largest of the states of the former USSR next to Russia, with around 48 million inhabitants (Nygren 2008). Of these, around 17 percent are ethnic Russians. The Crimean Peninsula, part of Ukraine’s coastline, is the host to the important Russian Black Sea Naval Fleet, which is also a hot topic of dispute between Kiev and Moscow. Border demarcation between Russia and Ukraine led to an MID between the states in October 2003, with Ukraine willing to fight over the possession of the Tuzla Islet in the Black Sea.[9] Perhaps the most troubling aspect of Russo-Ukrainian relations was the 2004 Orange

[8] Members of NATO cannot also be part of GUAM, therefore the maximum possible score is 14.
[9] This dispute has been settled and the territorial demarcation is now set.

Revolution, where pro-Western parties took control of the government in Kiev. Talks of EU and NATO membership fueled the fire and soured relations to their lowest point. Ukraine is part of the EU's Neighborhood Policy, which has not settled well with Russia. However, the election of a pro-Moscow government to power in 2009 has brought Ukraine closer to Russia's geopolitical orbit. Furthermore, Ukraine is the most important transit state for natural gas giant Gazprom's deliveries to its most important European customers, with nearly 80 percent of all natural gas bound for Europe travelling through Ukrainian territory (Stern 2006). This makes a compliant rather than defiant government in Kiev all the more important to the Russian state. I will discuss the Russo-Ukrainian energy dynamic in greater detail in Chapter 5.

The post-Soviet states of Georgia, Azerbaijan, Latvia, Lithuania, Estonia, Moldova, and Kazakhstan receive salience scores that fall in the moderate category. Georgia is by far the most troubling of the former states of the Soviet Union for Russia (Nygren 2008, Ziegler 2008, Tsygankov 2010). Georgia is the site of longstanding frozen conflicts between the government in Tbilisi and the separatist enclaves of Abkhazia and South Ossetia, two regions comprised of ethnic Russians who see themselves more loyal to the Russian state over the Georgian. Tensions rose between Russia and Georgia further when pro-Western President Mikhail Saakishvili was ushered into power after the Rose Revolution in 2003. Saakishvili's government has been defiant of Russian involvement in Georgia's sovereign territory, and these tensions boiled over into an interstate conflict in August 2008. Russia handed the Georgian military a humiliating defeat and asserted its control over the separatist enclaves, recognizing them as independent states and establishing more permanent military bases in Abkhazia and South Ossetia. Kramer (2008) sees this conflict through a more latent lens, where Russia's ulterior motive was to convince the West that Georgia was an unstable and unreliable alternative for pipeline transit of oil and natural gas through the Baku-Tbilisi-Ceyhan (BTC) and Baku-Tbilisi-Erzurum (BTE) pipelines, respectively. Therefore, European customers would have no choice but to accept the transport of their energy through Russian territory, thus securing Russia's share over the European energy market and asserting its control over the Caucasus region of post-Soviet space. This is a topic to be discussed in the next chapter.

Azerbaijan is another important state in the Caucasus region and is salient to the Russian energy complex, in that the tiny country is endowed with its own reserves of oil and natural gas. Its location on the west side of the Caspian Sea gives it important geopolitical and geoeconomic clout, as it has the potential to serve as an alternative pipeline route for both oil and natural gas to Russia from the states of Central Asia to European markets (Kjaernet 2010). Azerbaijan's importance has not been overlooked by the United States as Russia's energy bypass state, as much of the funding for the BTC and BTE (also known as the South Caucasus Pipeline network) pipelines have come from the American government and American energy companies (Maharramov 2010). As will be discussed later in this chapter and in more detail in Chapter 4, the United States and Russia are embroiled in an interstate rivalry over issues of post-Soviet space, and those post-Soviet states involving themselves with the United States risk energy coercion from Moscow. This makes the salience of Azerbaijan and its energy issues to be of great importance to the Russian foreign policy regime. To make matters worse for Azerbaijan, Russia has more often than not taken the side of Armenia in the frozen conflict over the region of Nagorno-Karabakh, where an interstate conflict broke out in 1992-1993 between Azerbaijan and Armenia after the Soviet Union's demise (Mehdiyeva 2011). Russian troops were deployed; and the region, technically part of Azerbaijan, has been in political limbo ever since. If this conflict were to heat up again, Azerbaijan could see its fate become similar to Georgia's where its territorial sovereignty could be overrun by its more powerful neighbor to the north. Russia has shown its resolve in the Caucasus; whether or not the United States would back Azerbaijan with its military is the unknown factor.

Latvia, along with the other Baltic States of Estonia and Lithuania, has almost fully integrated with the West with their ascension into the EU and NATO in 2004. This has irked the Russian national great power identity, as losing what used to be its sphere of influence to that of the West is something that Russia has vowed to not let happen again (Ziegler 2008). With the exception of Estonia, these states have also been involved in an MID over border demarcations in the mid-1990s (Ghosn, Palmer, and Bremer 2004). Furthermore, Latvia and Estonia have significant ethnic Russian populations, which Russia sees as another political blow from their former Northeastern European satellite states. These states are also 100 percent dependent on Russia for their natural gas needs; however the political leverage Russia can implement because of this is limited, as these states are members of the EU and pay market prices regardless. Therefore, although the states of the Baltic remain highly to moderately salient for energy issues, the chances of Russian energy coercion on these states remains minimal due to their membership under the protective umbrella of Western institutions.

Moldova is another state suffering with sovereignty issues and a frozen conflict that involves the Russian military. The ethnic and linguistic Russian Transdniester region has wanted either its independence or integration into the Russian state at one time or another and the central government, ruled mainly by ethnically and linguistically-similar Romanians has tried to integrate the breakaway region (Nygren 2008). Russia has had its 14th Army protecting the Transdniester region since Moldovan independence, a side-effect of the rapidity of the Soviet Union's breakup; as the old Soviet battalion simply has never left (Nygren 2008). Moldova is also heavily dependent on Russian natural gas for its heating needs, which forces it to accept the status quo of the Transdniester region, with limited help form the West. The Moldovan situation is discussed more in Chapter 5.

Kazakhstan is the only state from Central Asia that records a moderate salience scale. The authoritarian state has its own natural gas supplies, uses Russian pipelines to transport its gas to external markets, and has a very high population; nearly 40 percent of the total, of ethnic Russians living within its borders. However, Kazakhstan has membership in all three of the pro-Russian-organizations, which mitigates this higher than average salience score when compared to the rest of the states of Central Asia.

Belarus, Armenia, Turkmenistan, Uzbekistan, Kyrgyzstan, and Tajikistan record low energy salience scores. Belarus is known as Russia’s closest ally in post-Soviet space (Nygren 2008, Nygren 2011, Garbe et. al. 2012). The two countries were even talking about complete political and economic union in the 1990s. However, this closeness has cooled a bit since the ascension of Putin; it was the personal relationship of Boris Yeltsin and president of Belarus since 1991 Viktor Lukashenka (Nygren 2011) that allowed for this cozy relationship. Belarusians and Russians are both ethnic Slavs, majority Orthodox in faith, and share a common mistrust of the West. Belarusian foreign policy decisions usually follow that of Russia’s. Therefore, these two states have enjoyed cordial relations for a long time (Garbe et. al. 2012). However, Putin has considered Belarus a minor partner and relegated it to periphery status; which has not set well with Lukashenka. These relations hit a new low when Belarus was slow to recognize the separatist enclaves if South Ossetia and Abkhazia in Georgia after the 2008 military conflict. Russia and Belarus have since been involved in economic rows, where Belarus has played its card as a transit country of natural gas for Gazprom and Russia has boycotted Belarusian goods to show how dependent Belarus's export market is on Russia in 2008 and 2009 (Garbe et. al. 2012). Since then Lukashenka has capitulated to Russian political and economic dominance and the two states enjoy cordial, although more on Russian terms, relations once again.

Armenia, unlike its Caucasian counterparts Georgia and Azerbaijan, is also low on the energy salience list for Russia and Gazprom. Its population is mainly of the Orthodox faith and has remained quite loyal to Russia ever since its incorporation into the Russian Empire, as a result of the dissolution of the Ottoman Empire, in which the Turks have been accused of committing genocide on ethnic Armenians during World War I. More recently, Russia has backed Armenia in its interstate territorial conflict with Azerbaijan over the disputed region of Nagorno-Karabakh. Russian troops keep the peace in this frozen conflict. Lastly, Armenia has no natural gas of its own and depends on Russian gas through pipelines via Georgia. Armenia was therefore behind Russia during the 2008 conflict (Nygren 2011). Gas dependency and Russian diplomatic and military support for Armenia, therefore, keep the tiny Caucasus state loyal to Moscow and low on the energy salience scale for Russia.

The other four states of Central Asia: Uzbekistan, Turkmenistan, Kyrgyzstan, and Tajikistan, all record low salience scores on the energy scale. This remote region is far from the Russian population centers of Moscow and St. Petersburg, has a population that is mainly Muslim or secular (not Russian Orthodox), ethnically non-Slavic, and with the exception of Kazakhstan, has very few ethnic Russians living in these states. Kyrgyzstan, Tajikistan, and Kazakhstan all belong to all three of the pro-Russian economic and security institutions, with Uzbekistan belonging to one.[10] This reduces the saliency of these states to Russia, where any Western-tied issues are mitigated by political and economic subordination to Russia. No

[10] Turkmenistan, the most opaque of the post-Soviet regimes, has declared permanent neutrality and does not take the side of Russia or the West when it comes to geopolitical disagreements. Therefore this state is moderately salient to Russia due to the unpredictable behavior of Turkmenistan's foreign policy decisions.

militarized disputes have occurred between Russia and these states, and American economic incursions into these mostly authoritarian states have been limited. The United States had an air base in Uzbekistan until 2005, and still has one in Kyrgyzstan, for operations in the War on Terror in Afghanistan, but this military presence is still temporary and Moscow s retains the most political influence in the region (Allison 2004: 279). Lastly, the American military bases in Central Asia probably would not have been possible if not for Moscow's blessing in 2001 (Allison 2004: 281). More on this will be discussed in the next chapter, which compares outside power presence in the Caucasus and Central Asia.

Along with Kazakhstan, Uzbekistan and Turkmenistan have their own oil and natural gas reserves, which make these states more salient to Russia. The natural gas from Turkmenistan and Kazakhstan fills the supply shortage of promised supplies to Europe. Luckily for Russia, these states do not have many other choices as far as export pipelines and use the Russian routes to get their gas to the outside world, and have been relatively compliant with the interests of Russia and Gazprom. However, lately Turkmenistan has tried to find other buyers for their gas, with a willing and able China ready to oblige. Kazakhstan and Uzbekistan have also started looking to China for a new export market and pipeline construction, with a surprising relatively silent Russia infrequently protesting these moves (Ziegler 2009). Russia and China are not rivals, are the two dominant members of the Shanghai Cooperation Organization (SCO), and it is the contention of this research that this makes the difference when it comes to Russia being more coercive in it energy politics in post-Soviet space. Chapter 4 discusses this dynamic. The Central Asian region, therefore, will see the least amount of power politics behavior from Russia when compared to the Caucasian and European regional sub-complexes. Furthermore, a rising presence of Russia's major power ally, China, in Central Asia relative to the heavy presence of

Russia's major power rival in the Caucasus region, the United States, is another important contributing factor to the different salience levels of each region. This brings me to the next section of this chapter: the United States-Russia rivalry in the former Soviet Union.

F. THE UNITED STATES-RUSSIA RIVALRY IN THE FORMER SOVIET UNION

Rivalries are the most conflict-prone pairs of states in the international system (Diehl and Goertz 2000). Major aspects of the behavior of rivals include the desire to burn the other side regardless of the cost to the initiating rival state, the use of power politics to achieve zero-sum gains, and the addiction to this cycle of conflictual relations (Valeriano 2012). Diehl and Goertz (2000) identify enduring rivals as meeting a certain threshold of militarized interstate disputes (MIDs) over a specific period of time and with certain incremental limits between these MIDs. Thompson's (2001) strategic rivals have to do with elite and public perceptions of enmity. It is this concept where Maness and Valeriano (2013) find that the United States and Russia are still involved in a rivalry, and although the international system has changed since the fall of the Soviet Union, the U.S.-Russian animosity towards each other has yet to die out.

The United States and Russia, after a brief period of cooperation in the 1990s, are again embroiled in a rivalry. The focus of animosity has shifted from geopolitical concerns for ideological dominance of the globe to a limited regional rivalry over issues (Maness and Valeriano 2012). Post-Soviet space is where the U.S. and Russian interests mostly clash either over policy, such as coercive energy policy, human rights issues, or the territorial status of post-Soviet states; such as Ukraine, Azerbaijan, Georgia, and Moldova. The Russian assertions over dominance of its Near Abroad are synonymous with America's Monroe Doctrine of the Western Hemisphere, for three reasons: the previous Soviet relationship and Russia's self-identification issues with being a great power, economic interests in that energy is Russia's most potent form of hard power in the post-Cold War era, and what Tsygankov (2006) interprets as the Russian version of Nye's (2004) concept of soft power, where the Russian language, culture, and identity took hold in this region due to the legacy of Tsarist and Soviet control over these peoples. Russian foreign policy still claims the right to intervene in the affairs of these states, in whatever fashion necessary, much to the chagrin of Western governments trying to make inroads into post-Soviet space (Feklyunina 2012).

The Near Abroad region for Russia provides buffer zones to make it feel more secure. During the Cold War, a measure taken by the Soviets was the creation of the Warsaw Treaty Organization to counter the American-led NATO alliance. The Soviet state also effectively controlled the communist Eastern European governments to ensure buffer zones against possible Western incursions with capitalist or democratic ideals (Maness and Valeriano 2013). Therefore, the historical experience for Russia requires the maintenance of a military presence and friendly governments in states contiguous with its borders, in order to establish zones of control. One of post-Cold War Russia's major foreign policy goals is to keep and maintain these buffer zones. This has been hampered, as NATO expansion in 1999 and 2004 has brought the anti-Soviet alliance to Russia's borders (NATO 2013). Furthermore, Western incursions either diplomatically, economically, or militarily due to the relative weakness of the Russian state in the 1990s have made Russia's reassertions over the region particularly difficult for the Putin Administration.

Therefore, Russia's desire for reestablishing control over post-Soviet space increases the probability of discordant relations and conflict. This is especially apparent with there is the presence of a rivalry in the region. Here the U.S. and Russia spar over difference in foreign policy preferences in the European and Caucasus regional security complexes. Russia wishes to dominate the region for energy monopolization, security, and prestige. The U.S. seeks economic liberalization, political pluralism, and more recently, an intensified security relationship based around energy issues (Maness and Valeriano 2013). However, the economic revival of Russia under Putin, mainly from oil and gas revenues, has filled the Russian government's coffers with funds, its leaders with confidence, and consequently its ability to assert its interests in the former Soviet Union. U.S. policy of promoting democracy and energy independence (in the form of American investment) on the one hand, and Russia's policy on buffer zones and energy monopolization on the other, comes into direct conflict in the former USSR, rekindling the rivalry revived because of these issue conflicts in post-Soviet space (Maness and Valeriano 2013). Rivalries, I argue in this research, can therefore be exacerbated by economic discord (Levy and Ali 1998).

Chinese energy investment presence in Central Asia, however, is being tolerated by the Russian state. Why? I hypothesize that it is because Russia and China are international partners and allies. China and Russia, both permanent members of the UN Security Council, have blocked Western-backed UN initiatives that include military intervention in Syria and the U.S.-proposed intervention in Iraq in 2002. Furthermore, it has been the stated foreign policy goals of Russia that it works with China on international issues in order to adequately balance the United States. Therefore, energy investment by China in post-Soviet space, specifically the Central Asian countries of Kazakhstan, Turkmenistan, and Uzbekistan, will be tolerated by the Russian state, as Russia needs China for international issues involving its principal rival, the United States.

I attempt to uncover how economic issues are linked to rivalry relationships with the findings of this research. I continue the discussion of the U.S.-Russian rivalry and its impact on energy issues for Russia and post-Soviet space, specifically in the Caucasus region, in the next chapter. I also discuss the relative absence of the United States in the energy sector of Central Asia, and how China has made energy investment inroads in the region with little protest from the Russian state. The next measure that encourages or discourages the use of coercive energy policy by Russia in post-Soviet space, public opinion, is presented in the next section.

G. RUSSIAN PUBLIC OPINION OF COERCIVE ENERGY POLICY IN POST-SOVIET SPACE

This section looks at public opinion polls to reassert that coercive energy policy is used by Russia in situations of rivalry or when the salience of the issue is high, and that one way to measure how states behave is through public opinion. Public opinion can also signal that a rivalry is ongoing, adding support to evidence presented in previous sections. Along with disagreements in post-Soviet space and over energy issues, I hypothesize that the Russian public still sees the United States as its principal rival and enemy that is not to be trusted, especially in post-Soviet space, and is a real threat to its national security. There are domestic impulses in Russia that will push the foreign policy makers in Moscow to act in a certain way internationally.

1. Domestic Sources of Rivalry

Colaresi's (2005) work on rivalry persistence is fitting for the claims made in this section about the domestic sources of rivalry. His theory of 'rivalry outbidding' implies that leaders of states involved in rivalries will have to continue a rivalry if the mass public wishes to continue the relationship, therefore the public can sometimes overrule the wishes and foreign policy of a leader. Often, leaders will use this public hostility and enemy perception to shore up support and increase their domestic power and influence in their state (Colaresi 2005).

Colaresi's (2005) findings uncover the importance of the public in settling issues at stake in a rivalry. While domestic politics can perpetuate and escalate rivalries, does the public have the same power to convince elites to end rivalry behavior with a state? I argue that the termination of the rivalry relationship and the settlement of the issues depend on the opinions of the public and the subsequent accommodationist behavior of the state's leadership. This change must be lasting and taken seriously, as new leaders may reignite public perceptions of rivalry in order to accumulate support and attain the legitimacy of their leadership.

Previous research (Maness and Valeriano 2013) finds that the Russian public's overall views of the U.S. over time fluctuate wildly. These fluctuations in opinions about the United States suggest that domestic public opinion about international issues in Russia are good indicators as to how Moscow will deal with the United States at a particular point in time. I can also attribute the spike in unfavorable opinions about the United States in Russia to American opposition of Russian actions in the FSU. The dramatic drop in favorability toward the U.S. in 2003 can be attributed to the global unpopularity of Bush's invasion of Iraq. Putin was a staunch opponent of the U.S. invasion (Volkov 2003). The slight drop in favorability in early 2006 is likely due to the American condemnation of the Russian shut of natural gas pipelines in Ukraine and Moldova. The huge unfavorable spike toward the U.S. in 2008 can be attributed to a combination of the U.S.'s stance on Russia's war with Georgia as well as the stock market crash that destabilized the global economy (Feller 2008). The negative opinions of the Russian public about the United States, therefore, are when it involves itself in post-Soviet space in opposition to Russian policy.

Maness and Valeriano (2013) also find that that Russians believe that the United States uses its superior standing in the world to treat Russia unfairly. After 50 years of being taught that the United States is Russia's number one foe, the process of unlearning these feelings have yet to proliferate. Russians perhaps resent their country's inability to counter American power and now the U.S. has a freer hand in global affairs (Aron 2011). Perhaps this gives the Russian collective resentful feelings, and this resentment is played out in the public opinion polls. Russians still see the United States as its enemy, which is a powerful domestic source of the continuation of a rivalry.

It is clear through the analysis of Russian public opinion that Russians still have strong negative feelings toward the United States. Many Russians still see the United States as untrustworthy and as the enemy with which many are familiar. The domestic driver of public opinion makes it difficult for Russian policymakers from stopping conflicting and rivalrous foreign policy practices with its longtime enemy. For Russia, the U.S.-Russian rivalry is alive and well. This preliminary analysis of public perceptions of the United States will be further analyzed in Chapter 4.

2. <u>Russian Public Support for Coercive Energy Policy</u>

Discussed in the preceding chapter, economic statecraft scholarship has been very narrow when trying to explain phenomena of power politics of the economic type. What is important for the purposes of this section is how the Russian public perceives Moscow's use of this foreign policy tactic in post-Soviet space, and by extension Gazprom's European customers (Stern 2006). Russia seems to decide pricing on countries of the former USSR based on the pro or anti-Putin Administration stance of the governments, among a few other factors (Gelb 2007).

TABLE III uncovers which five countries Russians perceive as their top enemies, asking respondents to list who they think are unfriendly or hostile to Russia. The top two countries over time are the countries that are embroiled in a rivalry with Russia; Georgia and the United States (Klein, Goertz, and Diehl 2006). Furthermore, other states that Russians see as unfriendly are the Baltic States and Ukraine. These are all states of the Russia's former empire and are all states that have either achieved or are attempting assimilation with the West. The second most hostile state to Russia, according to the Russian public, is the United States, whose relations with Russia have been explained in the previous section. The Baltic States have joined NATO and the EU. Ukraine's attempts at Western assimilation have been met with natural gas shutdowns. Therefore, states that ally themselves with Russia's longstanding enemy, the United States, are also perceived as hostile toward Russia. This shows the importance of the domestic sources of rivalries: the friend of my enemy is no longer my friend. Former Soviet states that veer toward the West will be met with coercive energy policy in one form or another. Past research has found that it is these states that Russia has had diplomatic, economic, or even military conflict with (Maness and Valeriano 2013). This finding is important to the hypotheses of the next three chapters of this research.

TABLE III: RUSSIAN OPINION OF STATES IT CONSIDERS UNFRIENDLY OR HOSTILE

Respondents asked: Name five countries that you would consider unfriendly or hostile to Russia.

	2005	2006	2007	2009	2010	2011
Georgia	38%	44	46	62	57	50
United States	23	37	35	45	26	33
Ukraine	13	27	23	41	13	20
Latvia	49	46	36	35	36	35
Lithuania	42	42	32	35	35	34
Estonia	32	28	60	30	28	30

Source: *Levada Analytical Center's Annual Russian Public Opinion Yearbook 2009.* http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2009Eng.pdf.

TABLE IV presents the other side of the coin; countries that Russians believe are their closest allies and where Russia should seek cooperation. Fellow authoritarians Belarus, Kazakhstan, and China are who Russians find to be their closest allies. These three countries rarely get into diplomatic rows with Russia. Belarus and Kazakhstan are usually very compliant with Russian energy policy. Belarus is a major natural gas go-between state for Russia and its European customers. Kazakhstan is a country with its own reserves of oil and natural gas, and has agreed to Russia's pipeline transit fees mostly without quarrel. China is Russia's ally when it comes to global issues and when questioning the motivations of American policies around the world. Increased Chinese influence in the Central Asian regional security complex has not been met with the same level of power politics in post-Soviet regions where the United States has left a big footprint. Armenia is historically close to Russia in that it has opposed Turkish and Ottoman polices throughout the centuries. Finally, Germany is Russia's top consumer of natural gas, and a cooperative policy with this European state is in Russia's best interests. Therefore, in the following chapters, I expect the states of Belarus, Kazakhstan, and Armenia to receive positive energy policies from Russia, where the carrot is used more than the stick.

TABLE IV: RUSSIAN OPINION OF ITS CLOSEST ALLIES

Respondents asked: Name five countries that you would call the closest allies of Russia.

	2005	**2006**	**2007**	**2009**	**2010**	**2011**
Belarus	46%	47	38	50	49	35
Kazakhstan	20	33	39	38	32	33
Germany	23	22	24	17	24	20
China	12	24	19	18	16	18
Armenia	9	14	15	15	15	11

Source: *Levada Analytical Center's Annual Russian Public Opinion Yearbook 2012.* http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2009Eng.pdf.

TABLE V shows that the Russian public supports this coercive form of foreign policy that mixes economics with politics. When asked whether or not the Russian government should use Europe’s dependence on Russian oil and gas to achieve its foreign policy goals, well over half of all Russians in both polls believe that it should. Hufbauer, Schott, and Elliot (1990) allude to demonstration of leadership to the public may be a motivating factor behind the use of economic sanctions for initiating states. If the public approves of such actions, the government wills more likely than not use these tactics. TABLE V shows evidence as to why the Russian government would use coercive energy tactics in the first place.

TABLE V: RUSSIAN OPINION ON USING ENERGY AS A FOREIGN POLICY TOOL

Respondents asked: Should the Russian government use the dependence of European countries on Russian oil and gas to achieve its foreign policy goals?

	2007	**2009**
Definitely yes	23%	18
Yes, rather than no	36	37
No, rather than yes	16	20
Definitely no	4	6
No opinion	20	20

Source: *Levada Analytical Center’s Annual Russian Public Opinion Yearbook 2009.* http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2009Eng.pdf.

The opinions of Russians in TABLE V have been answered with coercive energy policy in the European sub-complex. Ukraine, which will be the topic of much discussion in Chapter 5, is a case in point. Ukraine is a major transport country for Russian natural gas to Europe, and has challenged the pricing schemes of gas giant Gazprom several times in the past decade (Aleksashenko 2012). Ukraine has demanded lower domestic prices and higher transport fees that they deem “fair.” Gazprom has responded to these demands by shutting off all natural gas supplies in 2006 and 2009 in the middle of winter. Millions of Ukrainians and Europeans went without heat for days. Russia suffered international condemnation for these acts, yet stood their ground and got Ukraine to the negotiation table (Aleksashenko 2012).

TABLE VI shows the Russian public opinion about the gas crisis of 2009. Nearly two-thirds of Russians believe that the foreign policy tactic of shutting off gas to Ukraine and Europe was the right thing to do, with almost three-fourths of Russians believing that Ukraine should suffer more for their insubordination with higher gas tariffs. This widespread support of Russian coercive energy policy by the Russian public explains in part why Russia uses its endowments of oil and natural gas to get what it wants in its foreign policy pursuits (Ziegler 2009). An explanation as to why the Russian public has these opinions about coercive energy policy has to do with a peculiar identity issue that can be found in both the Russian government and the masses: the perception of Russia as a great and world power.

TABLE VI: RUSSIAN OPINION OF CUTTING OFF GAS TO UKRAINE AND WESTERN EUROPE AND INCREASING NATURAL GAS TARIFFS FOR UKRAINE

	Fully support	**Somewhat support**	**Somewhat do not support**	**Absolutely do not support**	**No opinion**
Support Cutting off Gas to Ukraine and Western Europe	27%	34	12	9	20
Increased tariffs on natural gas	39	33	8	5	15

Source: *Levada Analytical Center’s Annual Russian Public Opinion Yearbook 2009.* http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2009Eng.pdf. Date: January 2009.

H. RUSSIA'S GREAT POWER IDENTITY: POST-SOVIET REGIONAL IMPORTANCE OF SECURITY SUB-COMPLEXES: EUROPEAN, CAUCASIAN, CENTRAL ASIAN

Where the region of energy-based territorial disputes is located, I hypothesize, is relevant to the issues at stake. The importance of a region to a state is based the longstanding history Russia has with the region. Nygren's (2008) three regional sub-complexes: the European, Caucasian, and Central Asian have different historical, cultural, and political ties to Russia; that is, these three regions were incorporated into the Russian Empire at different times for different reasons. These aspects tie into the salience factor of Russia's identity with itself and to the international community as a great power (Feklyunina 2008).

The European security complex, Nygren (2008) argues, is the most important to Russia. Reasons for this assertion can be found on page 47 where he points out that:

> "When Russia basically 'lost' the Baltic states (to Western institutions), the next geographical 'buffer' to Europe and NATO became all the more important, i.e. Belarus, Ukraine, and Moldova….Ukraine, Russia's most important neighbor by far, opted for closer relations with NATO and the EU, which caused another round of negative security spiraling…Belarus had its own security problem worsened by the westward drift of Poland and the Baltic states. The dilemma for Belarus was to create a Belarusian nation at the same time as it was trying to remedy these new threats from the West by allying with Russia….Moldova, torn by secessionist forces, and with no evident international ally, was forced to accept the continuous military presence in Transdniester and economic dependence on Russia."

Nygren therefore sees the European regional security sub-complex as not including the Baltic States because of their Western integration and the importance of keeping Belarus, Ukraine, and Moldova under Russia's political grasp to stop the hemorrhaging of Western geopolitical incursions into its sphere of influence. All three of these states are dependent on Russian natural gas at some level and Belarus and Ukraine serve as transit states for Gazprom's all-important EU customers that pay top-price. It is this regional sub-complex where I expect to see the highest amount of coercive energy policy because of the salience of the region to Moscow.

The Caucasus regional security complex, according to Nygren (2008), is one of the most heterogeneous regions in the world in terms of ethnic, religious, and language differences, and:

> "As such, it is suggested here that the security of one Caucasian state not only affects the security of the other states in the sub-complex, but that Russia and the three former Soviet republics of Georgia, Azerbaijan, and Armenia are so strongly interlinked as to be almost oversensitive to changes in any one of the other relationships in the sub-complex, as well as to changes in general power balances. As part of Russia's own regional security complex, it is indeed the most unstable and therefore volatile of the sub-complexes" (101).

The Caucasus region, therefore, is geopolitically and especially geoeconomically important as it can serve as a bridge not only between East and West, but also between East, West, and the Middle East. For the West this region can serve as an alternative energy supplier to the ever-growing violent and politically unstable Middle East. The region is also an alternative pipeline territory for the West that circumvents Russian territory because of the perceived unreliability by many European Union members of Gazprom due to the Ukrainian gas disputes of 2006 and 2009. I therefore expect this regional sub-complex to be highly salient to Russia, which increases the probability of coercive energy policy by Russia and Gazprom.

The Central Asian regional security sub-complex is the least salient of the post-Soviet regions and Nygren's (2008) interpretation of it describes it best in that:

> "Today, Central Asia is a distinct sub-complex in the Russia-centered regional security complex and developed as such from the very outset in 1992. The very concept of Central Asia is to some extent 'artificial,' and the very notion of Central Asia is very difficult to place even geographically; it might be seen as part of Asia, part of the (greater) Middle East – its most northern tier, and it could have (but did not) become an arena for a great game between Iran, Turkey, Russia, and China after the demise of the USSR. Central Asia occupies enormous vast lands and has more than 50 million inhabitants. It is a region of both weak states and weak powers, with low interaction capacity and weak national and ethnic identities" (162).

Central Asia, therefore, does not have the factors that contribute to Russia's great power identity, as it is not sought by other powers' influence, especially from the West as are the other sub-complexes of post-Soviet space. The United States has made limited economic incursions into the region, has a temporary military presence there, and has lost influence even more as of late due to its criticism of human rights violations of Uzbekistan's violent government crackdown on dissidents in 2005. It is here, therefore, that the salience should be quite low, and with the absence of a Russian rival vying for influence relative to other regions of post-Soviet space, coercive energy tactics should be minimized. Regional salience scores for each region of post-Soviet space are presented in TABLE VII.

TABLE VII: FORMER USSR REGIONAL SUB-COMPLEX SALIENCE SCORES

Regional Sub-Complex	Salience Score
European	6.67
Caucasian	6.00
Central Asian	3.20

Regional sub-complex scores are complied by calculating the mean scores in TABLE II of the states of each region. Looking at TABLE VII, the European and Caucasian regional sub-complexes show high salience scores of 6.67 and 6.00 respectively and fall in the moderate to high range, therefore coercive energy policy probability is high according to the tenets of my issue-based approach. The Central Asian regional sub-complex, on the other hand, has a significantly lower score than the other regions; therefore Russian coercive energy tactics in this region should be limited. The state-by-state salience scores, along with these regional measures that capture this great power identity evidence, the presence or absence of rivalry in a region, and public opinion are all factors that increase or decrease the chance that Russia will use economic statecraft in its former empire. The next chapter dives deeper and presents empirical evidence that allow for me to fail to falsify the four hypotheses of the theory of coercive energy policy, by comparing two regions of post-Soviet space: the Caucasus and Central Asia.

I. CONCLUSIONS

Using the issue-based approach via the theory of coercive energy policy, I have found that energy issues pertaining to post-Soviet space are quite salient. Furthermore, the historical and imperial legacy, the ethnic ties, and the contiguous nature of the region have made the former Soviet Union for Russia its exclusive sphere of influence and crucial to its identity as a great power, much as the United States asserts itself in the Western Hemisphere. Maness and Valeriano (2013) have also found that the U.S.-Russian rivalry is alive and well in this region. American incursions into post-Soviet space made possible by relative Russian weakness in the 1990s have been answered by Putin with harsh rhetoric, coercive diplomacy, energy sanctioning, and even armed conflict. These policies are not present in Central Asia, even though there is a rising presence of another great power in the region, China.

Finally, the Russian public still sees the United States as its enemy and not to be trusted. The Russian public is also supportive of its country's use of coercive energy tactics in the former Soviet Union. Public support for elite policies deemed to be salient and within the context of rivalry will lead to coercive diplomatic strategies. Now knowing why Russia engages in coercive energy policy, I move on to uncovering the motivations behind the use of these strategies. The next chapter will demonstrate the importance of rivalry in post-Soviet space, the different salient levels of two regions of post-Soviet space, the public opinion results condoning Russian behavior, and the great power identity importance to Russia; and the linkage to coercive energy policy, with Chapter 5 covering the motivations behind Russia's natural gas policies in post-Soviet space. Chapter 6 uncovers findings as to the effectiveness of this energy coercion from Moscow.

Through the lens of the issue-based approach (Mansbach and Vasquez 1981) and the theory of coercive energy policy, I uncover why and when Russia implements coercive energy policy as well as what factors contribute to the motivations behind this behavior. For all of the following chapters, the timeframe is limited to 2000 to the present, which coincides with Vladimir Putin's being in charge of the Russian state. His leadership and policies, I argue, have allowed to the proliferation of Russian coercive energy policy. The 1990s under Yeltsin saw Russian in a time of turmoil, economic and military weakness, and a power vacuum in post-Soviet space. Russia was not yet capable of power exertion even in its own backyard. It has only been under Putin where Russia has recovered economically and militarily, which allows for Russia to project its power in the FSU through coercive energy policy.

The chapter that follows is a comparison between two regional sub-complexes: the Caucasus and Central Asian, that test the four hypotheses presented in this chapter. I do a qualitative study through the lens of the theory of coercive energy via the issue-based approach and present empirical findings. This conglomeration of factors explains why Russia pursues such a policy; and along with Russia's need to identify itself as a great power, explains this seemingly irrational foreign policy behavior in its former empire.

IV. ENERGY SALIENCE: COMPARISON OF COERCIVE ENERGY POLICY IN THE CAUCASUS AND CENTRAL ASIA

A. INTRODUCTION: A TALE OF TWO REGIONS

Uzbekistan is a country of about 26 million people in the Central Asian region of post-Soviet space and is one of the most opaque and authoritarian states of the former Soviet Union (Nygren 2008). When 23 local businessmen in the Uzbek city of Andijon of the Ferghana Valley, a region known for its disdain for the central government in Tashkent, were brought up on charges of Islamic extremism, 4,000 friends and relatives took to the streets beginning on May 10, 2005 (Kimmage 2005). According to American defense lawyer Melissa Hooper, "This is more about (the businessmen) acquiring economic clout, and perhaps refusing to pay the local authorities, than about any religious beliefs" (Kimmage 2005). Beginning on the night of May 12, these peaceful protests turned violent when some of the protestors attacked and seized weapons from a military post and also stormed a prison, releasing some 4,000 prisoners onto the streets. On May 13, Uzbek President Islam Karimov ordered troops into the city. Punishment for this outbreak of civil disobedience was swift and harsh; many innocent bystanders were struck by government weapons trying to quell the rebellion, with reported death tolls ranging from 34 to several hundred (Kimmage 2005). Known as "Bloody Friday," this incident brought the eyes of the United States upon the remote country with scorn and accusations of human rights violations (Monaghan 2011). In response, in July Karimov ordered the expulsion of the American military from its airbase in Uzbekistan, which was being leased to the United States as an operations center for the War on Terror in Afghanistan (Nygren 2008).

Russia's response to the bloody events in Andijon was quite different from that of the United States. Russian President Putin praised Karimov for his tough stance on Islamic extremism and reestablishing the rule of law (Nygren 2008). "Sergey Ivanov even hinted at a connection to Chechen terrorists (an argument immediately picked up in Uzbekistan). While Putin and Karimov concluded that militants from Afghanistan had infiltrated Uzbekistan in a professional and 'thoroughly planned operation' (which was to remain their common line), the UN began its own investigation of the events" (Nygren 2008: 199). Russia touted the concept of state sovereignty and self-determination in its defense of Karimov's actions in Andijon. It is not the West's business to criticize state actions within its own borders. These conflicting views on violent events in post-Soviet space between the West and Russia also came about three years later in August 2008 in the Caucasus state of Georgia.

When Georgia became an independent state in 1992, two regions, South Ossetia and Abkhazia, also sought independence from the government in Tbilisi or reintegration into the Russian state (Nygren 2008). Abkhazians and Ossetians are tied to the Russian ethnicity and speak the Russian language. A bloody civil war ensued in Georgia in 1992-1993 and Russia supplied the rebellious enclaves with military hardware and logistical support. The conflict ended with a stalemate, where Russian peacekeeping troops have remained ever since. Georgia is a small country of about 5 million that borders Russia in the north, the Black Sea to the west, and Turkey, Armenia and Azerbaijan to the south. Home of Josef Stalin, this country in post-Soviet space has important historical ties to the Russian great power identity and has also been the biggest thorn in post-Soviet Russia's side in terms of ethnic violence and Western integration attempts in the FSU (Roberts 2011).

This frozen conflict turned hot when pro-Western Rose Revolution champion President Mikhail Saakishvili made good on his campaign promise to reassert Georgian sovereignty within its own borders and sent troops into South Ossetia. It is still unclear as to who shot first, yet an interstate conflict ensued between Russian and separatist troops in both regions and Georgian regulars on August 7 (Tsygankov and Tarver-Wahlquist 2009). The Georgians were heavily defeated and hostilities ceased on August 12, with Russia recognizing the independence of South Ossetia and Abkhazia and positioning more troops in the breakaway regions. This time, it was the Georgian government that was vilified with human rights violations and unprovoked violence in Russia and the United States/West crying foul of breaches of sovereignty and self-determination (Tsygankov and Tarver-Wahlquist 2009).

Why the seemingly hypocritical responses by both Russia and the West over these violent clashes in two different regions of post-Soviet space? These security-related issues illustrate the different levels of salience Russia has for the regions of the Caucasus and Central Asia, as illustrated in the previous chapter. The rivalry between the United States and Russia could be at play here, where each side is opposed to the other for no logical reason other than to oppose their perceived enemy (Valeriano 2012). The United States' heavy presence in the Caucasus when compared to Central Asia, the higher salience of the Caucasus region, the Russian public opinion on energy issues for each region, as well as Russian great power identity factors all contribute to the higher probability of energy coercion in the Caucasus over Central Asia by Gazprom and the Russian state. This chapter goes further and looks closer at the particular traits of the two regions that make one region more salient than the other and, through the lens of the theory of this dissertation, uncover why Russian energy coercion, in the form of the dependent variables of this chapter: natural gas prices, transit fees, and competitive/non-competitive pipeline projects, is apparent in the Caucasus and limited in Central Asia.

Western ties via international organization (IO) membership, democratization, transit routes, ethnicity, rivalry presence, public opinion and identity measures, I argue, are all factors that lead down the path to Russia energy coercion in the Caucasus region, particularly with

Georgia and Azerbaijan, or accommodation in Central Asia, specifically with Kazakhstan, Uzbekistan, and Turkmenistan.[11] This chapter is structured as follows: First a research design section reviews the hypotheses presented in the previous chapter, and tailors them to the impact factors and dependent variables of the qualitative analyses; followed by the data presentation sections of the Caucasus and Central Asian regions; then an assessment and concluding section that will segue into the quantitative analysis of Chapter 5.

B. RESEARCH DESIGN

Covered in Chapter 3, the region of the former Soviet Union for Russia is special and therefore Russia has a special role and special privileges when it comes to the political and economic fate of the states that comprise its Near Abroad. Some regions, however, are more important than others (Nygren 2008). I find that the European and Caucasus regions are relatively much more salient than the Central Asian region. Therefore, in this analysis of the latter two regions, I expect there to be non-market based, coercive natural gas prices and transit fees charged by Gazprom to the Caucasus states relative to the Central Asian; and for there to be competition between Russia and states outside the former Soviet over pipeline routes that go through as well as circumvent Russia. The Nabucco (Western and American backed) and South Stream (Russia and Gazprom backed) competing pipeline propositions through the Caucasus are examples of this competition, and will be discussed in the following sections. Hypothesis one is restated below:

H1: If the energy salience level is high for a state and region of post-Soviet space, coercive energy policy will be used by Russia to keep the countries of this region within its sphere of influence; and if the energy salience level is low, accommodative energy policy will be allowed by Russia, where Chinese energy investment will be tolerated.

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[11] Armenia in the Caucasus and Kyrgyzstan and Tajikistan in Central Asia do not have their own natural gas supplies nor do they serve as strategic pipeline states for Russia or any outside market, therefore are not focused upon in this chapter. These states remain quite dependent on Russia for their energy and security needs and are therefore compliant with the wishes of the government in Moscow.

American geopolitical and geoeconomic involvement has also been higher in the Caucasus region in relation to the Central Asian region. Furthermore, primary Chinese external investment and political involvement has been increasing in the past few years in Central Asia. One would expect that because of the salience of post-Soviet space to Russia and its assertion that the region is in its exclusive sphere of influence, that Russia would not react well to either American or Chinese incursions in the former USSR. However, because Russia is involved in a regional rivalry with the United States, and not China, I expect to see higher coercion in the Caucasus in relation to Central Asia, as the United States is the primary external investor for the states of the Caucasus. I will discuss the bilateral relations of Russia and each great power over each region to illustrate this point:

H2: States in post-Soviet space that allow American energy investment as its primary external funding source will have a higher likelihood of Russian energy coercion than those states that allow Chinese energy investment as their primary external funding source.

Remembering the previous chapter, I hypothesize that public opinion can be an important measure for foreign policy actions by states. This is not to say that public opinion drives the actions by states, particularly the actions of semi-authoritarian states such as Russia. What public opinion can do is justify the actions that states take and allow their implementation more smoothly. Leaders can be emboldened to make the decisions that they already wanted to make, if the public has consensus on certain issues. I therefore expect that if the Russian public has consensus on the salient issues of the theory of this dissertation, that the probability of coercive energy policy by the Russian state and Gazprom is higher. I expect enmity perception of the states of the Caucasus and more friendly perception for the Central Asian states. I present polls in the following sections taken by both Russian and Western pollsters:

H3: The closer to unanimous that public opinion on energy issues is, the more public opinion serves as cues to the Russian governments as to how salient an issue is, and motivates the

Russian government to act coercively or seek cooperative outcomes; thus public opinion of the Russian people will serve as one of many important indicators of the level of Russian energy coercion employed against the states of the former Soviet Union.

Finally, through the constructivist lens I hypothesize that post-Soviet Russia is vying for a great power identity (Feklyunina 2008, 2012, Tsygankov 2006, 2010), not only with itself and its people, but also with the international community. Russian military power is a shell of its former Soviet self, therefore using its natural gas and pipeline monopolization in the regions of the former Soviet Union as an instrument of power all the more salient for the Russian foreign policy elite (Dellecker and Gomart 2011). The following sections will also give a historical, cultural, and economic analysis of Russia's relations with each region that supports evidence for this peculiar need of a great power identity for Russia, which will also contribute to the explanation of the use of coercive energy tactics in the Caucasus and the lack thereof in Central Asia:

H4: The three regions of post-Soviet space, the European, Caucasus, and Central Asian, have different great power identity salience to Russia and its people, and the higher the identity salience for a region, the higher the use of coercive energy policy by the Russian state.

Based on the four impact factors above, I expect the states of the Caucasus to pay non-market, coercive average natural gas price and pipeline transit fees than the Central Asian states, which are exporting countries and sell their gas to Gazprom at near market prices, from the years 2001-2011. The unit of measurement for this dependent variable is U.S. dollars per million cubic meters ($/MCM). I also expect there to be more pipeline competition in terms of Russia competing with outside powers for pipeline transit route projects, built and proposed, that circumvent Russia or go through its territory, in the Caucasus region in relation to Central Asia. A tabular presentation of these projects will be in the dependent variable sections of this chapter. Next I present the data of the impact factors as well as the dependent variables: gas pricing and pipeline competition, to uncover why Russia uses coercive energy tactics more in one region of the former Soviet Union in relation to another.

C. CAUCASUS ENERGY SALIENCE: RIPE FOR COERCIVE POLICY

The Caucasus region holds an important place in the Russian great power identity due to the historical high stakes in security issues, and more recently the region's important strategic economic implications. According to Nygren (2008), "Russia and the three former Soviet republics of Georgia, Azerbaijan, and Armenia are so strongly interlinked as to be almost oversensitive to changes in any one of the other relationships in the sub-complex, as well as to changes in general power balance. As part of Russia's own regional security complex, it is indeed the most unstable and therefore most volatile of the sub-complexes" (101).

The most visible domestic security concern for Russia after the fall of the Soviet Union has been the separatist region of Chechnya. Russia and the Chechen people have engaged in two civil wars, and terrorist acts have made their way into Russian population centers. After becoming Prime Minister in the summer of 1999, Vladimir Putin's major priority was the stabilization of the region and restoration of Russian military prowess, following the disastrous military campaign in Chechnya in 1994 (Maness and Valeriano 2013). This happened just in time for Putin to win the presidential election in March and swept Putin into the highest office in Russia.

The initial failures in Chechnya and the subsequent international perceptions of Russian military weakness helped to justify Putin's willingness to use force in Russia's current and former territories so that the state could demonstrate its renewed military capacity in the face of criticism. The Russian military suffered heavy losses during these civil conflicts with the separatist region, which also led to Russia's image as a great power to suffer greatly. The old

Soviet empire was no more, and the Russia that replaced it could barely control the territory it had inherited. Therefore, this continued loss of face and prestige for Russia is unacceptable, which can lead to the desire to reassert its dominance in the areas that are considered to be within the Russian sphere of influence, as well as key to the national interest and great power identity (Tsygankov 2006).

As discussed in the introduction, Russia has also stubbornly supported the breakaway regions of Abkhazia and South Ossetia, the enclaves of Georgia that have been troubling to its central government since the Caucasus state reclaimed independence in 1991. The disputes over these regions spilled into a five-day armed conflict where Russian military dominance in the region was reasserted. Russia has recognized Abkhazia and South Ossetia as independent states, while the rest of the international community has been unwilling to support this position, including its allies in the Shanghai Cooperation Organization (March 2012).

Nagorno-Karabakh is another disputed region that is officially part of Azerbaijan, yet Armenia has laid claim to this area with force, as it claims that it should be part of the Armenian state as the region contains a majority of ethnic Armenians. This standoff has basically remained at status quo for over a decade. Russia has generally shown more support for Armenia, although it has been careful not to go too far so as to not completely alienate Azerbaijan. The United States has generally had more cordial relations with Azerbaijan, although it has appeased Armenia, when Congress officially declared the Ottoman massacre of Armenians during World War I genocide in 2008 (Kolsto and Blakkisrud 2013). However, there has been more American support for Azerbaijan in energy projects, as the U.S. has backed and financed the construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline as well as the natural gas carrying Baku-Tbilisi-Erzurum (BTE) pipeline (also known as the South Caucasus), both of which circumvent Russia.

These pipelines, along with the proposed Nabucco pipeline that would travel from Turkmenistan all the way to Austria, lessen the geopolitical and geoeconomic hold Russia may have on the region, and does not sit well with the Russian foreign energy policy elite (Nygren 2008). Therefore, if Nagorno-Karabakh turns from frozen to thawed, we could see U.S. and Russian involvement where Russia will back Armenia and the United States will back Azerbaijan.

Accompanying these territory-based conflicts are energy disputes in Caucasus region. The region is valuable to the energy-starved states of the EU because of Azerbaijan's oil and gas wealth as well as Georgia's positioning as an important pipeline transit territory, which allows for diversification of energy supplies. The BTC pipeline, along with its natural gas BTE counterpart, carries oil and natural gas, respectively, from the Caspian to the Mediterranean Seas and runs through the territories of Azerbaijan, Georgia, and Turkey and circumvents Russian territory (Cornell and Starr 2009). These pipelines compete with the Baku-Novorossiisk (oil), Baku-Mozdok (gas), the Tengiz-Novorossiisk (oil), and the Blue Stream Pipeline (gas); all pipelines that travel through Russian territory before making their way west (Baev 2011). Furthermore, the U.S.-EU backed Nabucco pipeline proposal, if seen through to construction, will allow for gas from the Eastern Caspian (Kazakhstan, Uzbekistan, and Turkmenistan) to travel through Azerbaijan west to Europe, further reducing Russia's pipeline monopoly in the region. Russia and Gazprom have countered with their own South Stream pipeline that competes with Nabucco. At the time of this writing, neither of these competing projects has begun construction. Where these energy supplies travel is the great game between Russia and the West, which allows for the perpetuation of the U.S.-Russia rivalry in this strategic region (Feklyunina 2012).

The U.S. sees the pipelines located in post-Soviet space that circumvent Russian territory as a way to undermine Russia's tight grip on energy transport in the Caucasus region, while Russia sees its rival meddling in territory that is exclusively in Russia's sphere of influence. According to Kramer (2008), the 2008 war on Georgia was a message to Georgia to not attempt assimilation with the West, but also a message to the U.S. for it to stay clear of Russia's former empire's affairs.

After the war between Georgia and Russia in August, 2008, the U.S. unambiguously sided with Georgia, prompting a further increase in tensions with Russia. Russian leaders then accused its rival of abetting Georgia and indeed of encouraging Mikheil Saakashvili to attack the break-away regions (Cornell and Starr 2009). The partnership between the U.S. and Georgia has meant that Americans were providing anti-terrorist training to Georgian forces; in return Tbilisi sent 2,000 of its soldiers as part of the U.S. mission in Iraq. Needless to say, the U.S. found itself in an awkward situation of having to airlift Georgian troops from Iraq to their home country in order to counter an attack from Russian forces. As the War on Terror developed and Color Revolutions took place, the Caucasus area has increased in importance to both the United States-led West and Russia.

This section will present findings on the salience of the Caucasus region to the Russian energy policy elite, which is further exacerbated by the heavy political and economic presence of long-time rival of Russia, the United States, backed by the public opinion polls of the Russian people on various issues of this region, and how the Caucasus is important to the reassertion of Russia's great power identity, that was perceptively lost with the fall of the Soviet Union.

1. <u>Salience of the Caucasus</u>

Presented in the previous chapter, TABLE VIII gives a summary of the energy (natural gas) salience scores for the three states of the Caucasus as well as the overall average energy salience score for the region. As far as its foreign energy policy pertaining to natural gas and natural gas pipelines for Russia and these countries, Georgia and Azerbaijan fall in the moderate salience category, with Armenia in the low salience categorization. Georgia is relatively highly salient to the Russian state mainly because of its positioning as the transit country that circumvents Russian pipelines, its defiance of Russia's wishes to fulfill its great power identity as the dominant state of the Caucasus, and its numerous attempts at Western assimilation. It is a member of GUAM (which stands for the members Georgia, Ukraine, Azerbaijan, and Moldova), the organization funded and backed by the United States that promotes the development of democracy, stable economic development, regional and international security, and fast-tracking integration within the European security and economic sphere of influence (GUAM Website 2013). This organization is seen as a U.S.-backed counter to the Russian dominated CIS, an organization whose future looks bleak as post-Soviet members such as Georgia have left it. Membership in GUAM, therefore, is something that the Russian government frowns upon, and therefore coercive energy policy is expected with its members.

TABLE VIII: NATURAL GAS SALIENCE SOCRES BETWEEN RUSSIA AND THE CAUCASUS (LOW 0-4, MODERATE 5-9, HIGH 10-13)

Caucasus state	Natural gas	Transit	Ethnic	Past Interactions	Adversary	Institutional	**Total**
Georgia	0	2	0	2	2	2	**8**
Azerbaijan	2	2	0	2	0	2	**8**
Armenia	0	0	0	0	2	0	**2**
Overall Caucasus Salience Score: 6.00							

Georgia is also a member of the European Union's Economic Neighborhood Policy which is very similar to the U.S.-backed GUAM as it has "the objective of avoiding the emergence of new dividing lines between the enlarged EU and our neighbors and instead strengthening the prosperity, stability and security of all. It is based on the values of democracy, rule of law and respect of human rights" (ENP Website 2013). Although perhaps not as disconcerting to the Russian energy policy elite as membership in GUAM, this membership still denotes Western integration and away from Moscow's political and economic grasp in its perceived exclusive sphere of influence, which will lead to coercive energy policy on the Georgian state.

Georgia is also a developing democracy, which implies Western integration. Touched upon in the previous section, Georgia under Saakishvili has been close to the United States in terms of security policy. Georgian troops were sent to Iraq with President George W. Bush's coalition of the willing as part of the superpower's larger War on Terror. The United States has rewarded Georgian allegiance with economic aid, military hardware and training, and heavy investment in oil and natural gas pipelines circumventing Russia (BTC, BTE, and the proposed Nabucco).

There have, however, been drawbacks to this American coziness in the form of military action by Russia in 2008. Perhaps emboldened and overconfident that he had the full military support of the United States, President Saakishvili may have acted in haste to reassert Tbilisi's control over the breakaway regions of Abkhazia and South Ossetia. He paid the price with an overwhelming defeat by the Russians and the temporary shutdown of the BTC and BTE pipelines, the Russia-circumventing pipelines which feed the energy needs of important EU customers. Kramer (2008) points out that this could have been a secondary motive for the five-day conflict between Russia and Georgia. Russia is trying to paint the picture that Georgia is an unstable country that not only does not have control over its territory, but also is an unreliable transit country for European oil and gas customers, with the only alternative transit routes coming from this region traveling through Russia. Therefore, Russia has important geopolitical and geoeconomic reasons for keeping Georgia within its sphere of influence, and punishment for this disobedience has been enforced not only with armed conflict, but coercive energy tactics.

Azerbaijan, the only Caucasus state that has significant reserves of its own natural gas and oil, is quite salient not only to Russian but also Western energy companies. Furthermore, the tiny state has also been involved in an interstate war of which Russia has sided with Armenia, Azerbaijan's adversary of the Nagorno-Karabakh disputed region. This conflict has displaced some 600,000 persons and has killed about 30,000 (IDMC Website 2013). The primarily Christian Orthodox Armenia has seen Russian support more than the Islamic Azerbaijan. During the war that lasted from 1988 to 1994, it was the Soviet Union and later Russia that sided with Armenia in this yet to be settled dispute at the expense of Azerbaijani sovereignty and self-determination. Yet due to the energy importance of Azerbaijan, Russia has yet to move militarily on the side of Armenia to end this bloody and frozen conflict (Nygren 2011). As Armenia has depended upon Russia for its livelihood in terms of military, diplomatic, as well as energy support, Western integration for the tiny Caucasus state has been limited, and Western governments and energy companies have not courted Armenia and their territory for pipeline transit access. Georgia has been the main beneficiary of the Armenian orbit around Moscow over the West. As this conflict remains frozen, Armenia remains close to Russia while Azerbaijan is slowly choosing Western security and economic integration. This keeps the salience level high and, because Azerbaijan has its own resources, more likely that Russia will coerce the government in Baku with competition with the Western investors of pipeline routes that attempt to circumvent Russian territory.

Azerbaijan is an opaque and autocratic state, which somewhat mitigates its salience score with Russia presented in TABLE VIII; however it is a member of the U.S.-backed GUAM as well as part of the EU's Neighborhood Policy.[12] Its membership in GUAM has brought the heavy investment of the American government and American energy companies for exploration of new oil and gas fields and their extraction, for the BTC and BTE pipelines, freeing the state from Russian monopolization and political dominance. Its membership in the EU Neighborhood Policy has also made Azerbaijan a favorite supplier of oil and natural gas to the European market, especially after the gas shutdowns by Gazprom in Ukraine in the winters of 2006 and 2009. These crises in the European region of post-Soviet space are discussed in the next chapter. This increased Western presence in Azerbaijan, therefore, has kept its salience score with Russia in the high category. Exacerbating the Russian foreign energy policy elite even more is the fact that its long time rival, the United States, is the country gaining influence in the Caucasus at the expense of Moscow.

2. <u>The United States-Russia Rivalry in the Caucasus</u>

The rapid collapse of the Soviet Union in 1991 also meant for many the end of the 45-year rivalry between the United States and successor state Russia. The battle for ideology and spheres of influence around the globe was over, and Russian power retreated to within its own borders. The U.S. and the West was declared the winner of the Cold War, and the power vacuum created in post-Soviet space was filled by Western powers as well as other regional powers such

[12] Armenia is also part of the EU's Neighborhood Policy and is considered a democratic state according to Polity IV. However, it is also part of the Russian-led CSTO security organization, which keeps its salience score at a low 3 (Marshall 2013).

as Turkey, Iran, and China. However, as Russia began to reassert itself politically, militarily, and economically, the presence of some of these powers became unwelcome. Covered in the previous chapter, Maness and Valeriano (2013) find that the United States and Russia pair of states has shifted from a geopolitical policy rivalry in the Cold War to a regional issue-based rivalry in the former Soviet Union. For regional rivalries, states will disagree over issues pertaining to particular regions, whereas in other regions this enemy perception is muted and cooperation is possible. Maness and Valeriano (2013) demonstrate this with the U.S.-Russia dyad, where zero-sum games and burning the other side is present in post-Soviet space, however institutional agreements and cooperation over issues between the long-time adversaries is found in the Arctic region.

Therefore, heavy American investment for energy projects in any region of post-Soviet space should be met with Russian energy coercion. Remembering the previous section, Azerbaijan is also quite salient to the Russian energy policy elite in that it is the only Caucasian state that has significant reserves of oil and natural gas. Baku, the capital city and port on the Caspian Sea, is at a strategically important energy pipeline crossroads, and is important to Gazprom, Rosneft, and Transneft for Russia and energy conglomerates such as Exxon-Mobil, Royal Dutch Shell, and British Petroleum for the West. Furthermore, Western, especially American, investment in the energy infrastructure of Azerbaijan has been high (Nygren 2008). Looking at TABLE IX, since 2005, only neighboring Turkey has invested more than the U.S. in Azerbaijan's energy, and the UK, Germany, and Russia, respectively, round out the top five (US Embassy in Baku 2013). However, since 2009 the United States has been the most heavily invested country in Azerbaijan. This is supporting evidence for the second hypothesis of this chapter. However, there must be evidence that Russia is in fact being coercive with Azerbaijan, and these results are presented in the dependent variable section of this Caucasus analysis. Azerbaijan, therefore, is arguably the most geopolitically and geoeconomically important state in post-Soviet space in terms of competition over natural gas transport to Western markets.

TABLE IX: TOP FIVE FDI ENERGY INVESTORS IN AZERBAIJAN ($/MILLION)

	2005	2006	2007	2008	2009
USA	$24.8	70	78	108.8	117.6
Turkey	96.2	136.6	109.2	60.8	76.8
Russia	5.1	4.6	10.7	5.8	50.3
Germany	21.5	17.4	22.9	48.2	38.8
Iran	1.2	17.5	4.6	-	6.8

Source: U.S. Embassy in Baku (2013): http://azerbaijan.usembassy.gov/economic-data.html

This chapter goes further and argues that the U.S.-Russian rivalry is compartmentalized in post-Soviet space, and is only present in the European and Caucasus sub-complexes, and largely absent in the Central Asian sub-complex of the region. This is because the issues at stake between the United States and Russia in the Central Asian region are largely in line with each other, while in the Caucasus they largely diverge. These issues include the ethnic-based territorial conflicts in Georgia and Azerbaijan, the diversification versus Russian monopolization of pipeline routes in the region, Western integration and allegiance versus Russian reintegration and allegiance, and the investments by Western companies versus investments by Russian companies. The legacy of long-term conflict between the U.S. and USSR and then Russia, leads to disagreements over issues, especially in Russia’s perceived sphere of influence, and are not taken lightly by the Russian state. Any attempts by Georgia, Azerbaijan, or Armenia to join American backed institutions, accept American investment in the energy sectors, or allow for an increased American military presence, therefore, will be met with Russian power in the form of coercive energy tactics. This rivalry impact factor works in tandem with the salience of energy issues in the Caucasus for Russia, the public support for Russian energy policy in the region, and the need for a great power identity via dominance of the Caucasus states, that allows for coercive energy policy in this region of Russia's Near Abroad.

3. Public Opinion of the Caucasus States and the United States

One of the theory of coercive energy policy's major tenets is that public opinion can be a reliable supplementary predictor of foreign policy actions by states. By no means am I asserting that public opinion is a cause for or drives foreign policy actions, especially in a state such as Russia, where the media is largely state-owned and censored. However, it can help push foreign policy makers to act coercively, as Russia does with its coercive energy policy in post-Soviet space (Holsti 1992). This section tests the public opinion hypothesis for the theory of coercive energy policy. Below are Russian public opinion polls about Caucasus states from the Russian-based Levada Center and the Russian Public Opinion Research Center (VCIOM), as well as from the U.S.-based Pew Research Center's Global Attitudes Project.

TABLE X shows evidence for Russian domestic sources of rivalry perpetuation (Colaresi 2005). For polls taken of Russians from 2005-2011, when asked to name five states that are unfriendly or hostile Russia, three states in the Caucasus appear. Georgia and, although not a geographical part of the region still an important political player in its fate, the United States, are the two most adversarial states in the entire poll. These are also the two states that are currently rivals of Russia (Klein, Diehl, and Goertz 2006, Maness and Valeriano 2013). Therefore, when the only two rivals of Russia are present in one region of post-Soviet space, coercive energy tactics are almost certain to be utilized by the natural gas arm of the Russian state, Gazprom. A small percentage of Russians also put Azerbaijan in their top five for all six years, which increases the chances of more coercion, especially with the heavy American investment in the energy and pipeline rich Caucasus state.

TABLE X: RUSSIAN OPINION OF STATES IT CONSIDERS UNFRIENDLY OR HOSTILE IN THE CAUCASUS

Respondents asked: Name five countries that you would consider unfriendly or hostile to Russia.

	2005	**2006**	**2007**	**2009**	**2010**	**2011**
Georgia	38%	44	46	62	57	50
United States	23	37	35	45	26	33
Azerbaijan	5	4	4	2	3	5

Source: http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2011Eng.pdf

On the other hand, TABLE XI shows the results of an annual public opinion poll that asks Russians to name Russian's top five allies. Two Caucasian states make the list, with Armenia being the closest friend of Russia in the region with an average of 13 percent for the six years when Russians were polled. Surprisingly, Armenia's adversary in the Nagorno-Karabakh conflict and also thought to be an enemy of the state by several Russians, Azerbaijan, also makes the list of Russia's friends. It seems that there are a number of Azerbaijani sympathizers in Russia, about half the amount of those polled favoring Armenia. Overall, therefore, there is a lot more animosity from the Russian citizenry about events and issues in the Caucasus than there is satisfaction.

TABLE XI: RUSSIAN OPINION OF ITS CLOSEST CAUCASUS ALLIES

Respondents asked: Name five countries that you would call the closest allies of Russia.

	2005	2006	2007	2009	2010	2011
Armenia	9%	14	15	15	15	11
Azerbaijan	5	7	5	10	8	9

Source: http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2011Eng.pdf

TABLE XII shows the top four answers from Russians when asked about the differences in foreign policy styles of their country and the United States. Many Russians see the United States as aggressive and engages in the unwarranted intervention in the internal affairs of other states. Others see that Russia and the United States have different political views, mentality, and culture; and that each country is in competition with the other for the same position of world leader. It seems that the Cold War mentality of many Russians has yet to die out with the latter opinion, as the great power identity desire in some Russians is manifest. With these views of the United States and America's heavy involvement in Georgian and Azerbaijani political and economic affairs, coercive energy policy on these states should also be present.

TABLE XII: RUSSIAN OPINION ABOUT THE DIFFERENCES BETWEEN THE FOREIGN POLICIES OF THE UNITED STATES AND RUSSIA

Respondents asked: In your opinion, what sets Russia and the U.S. apart?

Aggressive foreign policy of the U.S., intervention in the affairs of states	10%
Different political views, position of authorities	9
Struggle for world leadership	6
Mentality, culture	5

Source: http://www.wciom.com/index.php?id=61&uid=792

Who is to blame for the cause of the August 2008 conflict between Georgia and Russia, according to the Russian public, is quite telling of the continuing animosity toward the United States and its motives in the Caucasus region. TABLE XIII shows that half of the Russians polled in September 2008, one month after the conflict, see the United States as having motives to spread its influence in the strategically important Caucasus region, beginning with Georgia. With 32 percent of Russians of the opinion that ethnic discrimination was the motive behind the conflict, this leaves only 5 percent of Russians asserting that it was their own government's fault for the initiation. Such a high consensus of the Russian public citing American or Georgian belligerency for the conflict involving Russia, according to the theory of coercive energy policy, will lead to the certainty for Russian energy belligerency against Georgia as well. Georgian natural gas prices and pipeline fees should be relatively higher than other states of post-Soviet space, and competitive pipeline tactics should also be present in the small Caucasus state.

TABLE XIII: RUSSIAN OPINION OF THE CUASE OF THE AUGUST 2008 RUSSIAN-GEORGIAN CONFLICT

Respondents asked: In your opinion, what is the ultimate cause of the ongoing conflict in South Ossetia?

Georgian government pursuing a policy of discrimination against the Ossetian people	32%
Authorities of unrecognized Ossetia and Abkhazia trying to hold on to power	5
Russian officials conducting divide-and-rule policy to maintain authority in the Caucasus	5
United States seeking to spread its influence in the Caucasus region	49
No opinion	10

Source: http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2009Eng.pdf.
Date: September 2008.

TABLE XIV goes further and asks Russians why there was widespread Georgian support in the West, with Russia seen as the belligerent and aggressive state in the 2008 conflict. The overwhelming majority opinion on this issue is telling: Nearly two-thirds of Russians in both 2008 and 2009 see the reasons behind widespread Western support through an imperialist zero-sum competition with Russia. Russians see the Georgians as a tool of the West whose main motive is to push Russia out of its exclusive sphere of influence in the Caucasus. Russia, therefore, acted militarily to defend its honor and great power identity. An alternative explanation for Russian motivation for the conflict is that Russia wished to discredit Georgia and its role as a non-Russian gas transporter to the European market as unreliable (Kramer 2008). Russia saw its great power identity and its energy monopolization slipping in the Caucasus; thus the conflict was a tool to reassert both the former and the latter. Great power identity and dominance over the former Soviet Union is also achieved through coercive energy tactics, which is the final impact factor contributing to the motives behind this peculiar Russian policy.

TABLE XIV: RUSSIAN OPINION OF WESTERN SUPPORT OF GEORGIA IN THE AUGUST 2008 CONFLICT

Respondents asked: In your opinion, why did governments of the West support Georgia in the South Ossetia conflict?

	2008	**2009**
Because Russia infringed upon Georgian territorial sovereignty	7%	6
Because Russian shelling killed civilians	8	10
Because Russian actions sparked conflict in other regions, specifically Abkhazia	5	5
Because they want to impair Russia and force it out of the Transcaucasus	66	62
No opinion	14	17

Source: http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2009Eng.pdf.

4. Russian Great Power Identity in the Caucasus: This Land is Our Land

The last impact factor that leads to coercive energy policy in post-Soviet space, specifically the Caucasus, is the region's historical importance to modern Russia's great power identity, both to its government and people, but also how it is viewed by other governments and people around the world (Tsygankov 2007). According to Tsygankov (2010), "Russia is returning to its identity as a regional great power. Its priorities once again include security and prosperity in the territories adjacent to its borders, and it increasingly sees itself as a European power with special relations to Asia and the Far East" (1). Therefore, for Russia to be identified both at home and abroad as a great power, it must rebuild its economy via energy and secure its borders where its influence in post-Soviet space trumps any other influence attempts by any other great powers, such as the United States or EU.

The Caucasus is the most volatile regional complex of Russia's Near Abroad, and contains the state also seen as the biggest regional thorn in its side, Georgia, is supported by its global and historical thorn in its side, the United States. Furthermore, during the brief 2008 conflict Azerbaijan backed Georgia's territorial integrity and allowed the entrance of Georgian refugees (Ziegler 2009). It also began more heavy diplomatic courtship of the United States and its protection of its pipelines circumventing Russia (Ziegler 2009). This has raised the salience of issues in this region for Russia, and some (Kramer 2008, Berryman 2010) go as far to say that these heighten Western incursions in the Caucasus along with Georgia's overt declarations about joining NATO are what pushed Russia over the edge and justified its use of armed force in South Ossetia and Abkhazia in August 2008.

The historical ties for Russia to the Caucasus go back centuries, and the region was once the convergence point of three great empires: the Ottoman, Persian, and Russian. Russia sees this region as a place of Russian honor, courage, and sacrifice. Russia wrested the Azerbaijani clans from the oppressive rule of the Persians in 1812. It annexed the Georgian kingdom in 1801 to keep it safe from the Ottomans, and absorbed Armenia after World War I in the face of Armenian genocide at the hand of the Turks. Furthermore, Georgia is the home of the infamous Soviet leader Josef Stalin, who is still getting mixed reviews by the Russian public as to whether or not he is to be remembered as a tyrant or a great leader, who modernized Russia and made it a superpower. Regardless, this historical region under the political, economic, and military influence of the longtime rival of Russia, the United States, does not sit well with the Russian foreign policy elite and therefore the chances of coercive energy policy in the region is higher here than in Central Asia.

According to Feklyunina (2008), "Identity is seen as one of the key concepts in explaining why a country takes particular actions in the international arena," (607) and "one of the basic needs of the state that shapes its vision of national interests is, from the constructivist perspective, the need for collective self-esteem" (608). Tsygankov and Tarver-Wahlquist (2009) go further and assert that Russia's national honor has suffered since the Soviet breakup, and regaining this great power identity and restoring its honor is at the top of Vladimir Putin's foreign policy objectives. Therefore, getting the United States out of the Caucasus and bringing troubled states such as Georgia and Azerbaijan back into its grasp, either by cooptation or coercion, is something that Russia is able and quite willing to do.

Feklyunina (2008) explains the reasons behind Russian coercive energy policy in the Caucasus best from the constructivist perspective, when he notes that the "sharp contrast between the perceived strength of the Soviet Union and the Russian Empire and the obvious weakness of the Russian Federation led to growing dissatisfaction with Russia's role in the international arena. This dissatisfaction was shared not only by political elites, but also by many ordinary Russians, who welcomed a more active, even aggressive foreign policy amid at defending Russia's national interests and positioning Russia as an equal partner of Western countries" (613), and "for Putin's Russia it is not military but rather economic strength that is positioned as important. This shift can be explained by the fact that due to numerous economic and social problems; and it would be extremely difficult for the Russian army to pose a serious threat to Western countries" (614).

With the four major impact factors of Russian coercive energy policy in the Caucasus region predicting high coercion, next I look at the dependent variables for the Caucasus. I expect relative natural gas prices and pipeline transit fees in the Caucasus to be higher for Georgia and Azerbaijan, the states that rank high in the impact factors of the theory, when compared to the Caucasus state of Armenia, a state that has remained loyal to Russia. I also expect a high level of competition over pipeline routes to Europe between Gazprom/Russia and Western/non-Russian investors.

5. Caucasus Dependent Variables: High Prices and Pipeline Politics

TABLE XV shows the natural gas pricing in dollars per million cubic meters ($/mcm) between the Caucasus and Russia from 2005-2011, which includes the discount for each state's transit subsidy, if applicable.[13] There is evidence of natural gas coercion by Russia with Azerbaijan and Georgia. For Georgia, as part of the trade dispute with Russia over the issues of Abkhazia and South Ossetia, Russia increased the price of natural gas in 2006 three times the price charged in 2005. This was in response to Saakishvili's increased hardliner rhetoric about regaining Georgian sovereignty and establishing political control over the separatist enclaves by any means necessary, including military force. Russia responded to this by boycotting Georgian

[13] Only Azerbaijan and Georgia have pipeline subsidies including in the pricing.

wine, of which nearly most of the exports of this commodity went to Russia, as well as the steep hike in natural gas prices. Furthermore, a series of mysterious blasts crippled the pipelines from Russia to Georgia in the midst of one the coldest winters in record (Corso 2013). In response, Georgia turned to its neighbor to the south, Azerbaijan, to fulfill its natural gas needs and began weaning off the dependency from Russia, with over 90 percent of its natural gas coming from its Caucasus neighbor by 2008. What is fuzzy is whether or not this was in any way correlated with the guns of August conflict, which was waged in the same year. What is clear is that Russo-Georgian relations have soured since this energy dispute, and even after the short conflict in 2008, Georgia has sought refuge in the Western security and economic umbrella, indicating that these coercive tactics by the Russian state are not changing the behavior of states to their liking. This topic is covered in Chapter 6.

TABLE XV: NATURAL GAS PRICING IN THE CAUCASUS REGION: $/MILLION CUBIC METERS (MCM)

Caucasus State	Import/Export Scheme	2005	2006	2007	2008	2009	2010	2011
Azerbaijan	Import from Russia	45	105	235	-	-	-	-
	Export to Russia	-	-	-	-	-	244	288
	Export to Georgia	-	120	130	140	187	161	170
Georgia	Import from Russia	73	235	235	235	-	-	-
	Import from Azerbaijan	-	120	130	140	187	161	170
Armenia	Import from Russia	67	70	85	100	154	180	180

Source: Henderson, et. al. (2012).

Azerbaijan has its own reserves of natural gas and is therefore a key actor as a competitor to Russian energy hegemony in the Caucasus, and can also play as an alternative transport state for Western energy customers, as well as energy companies. Azerbaijani defiance towards

Russia via competition both for natural gas and pipeline routes has made the energy issues salient for the Russian energy elite, as indicated earlier in this chapter, as well as the previous chapter. This has attracted Western investors, including those from the U.S. government and private sector. This intrusion in to post-Soviet space by the United States, Russia's rival, has led to coercive tactics against Azerbaijan. TABLE XV shows the natural gas pricing interactions between Russia and Azerbaijan. Azerbaijan used to import Russian gas that was headed to Armenia via Iran at a very subsidized price in 2005, but as Azerbaijan learned of where this gas was going, its principal enemy Armenia, prices went up and the import of Russian gas ceased in 2008. Also contributing to this cessation was Azerbaijan filling the gap in Georgian natural gas at below-market prices as a result of souring relations between Moscow and Tbilisi, as well as the opening of the Russian territory-circumventing South Caucasus (BTE) pipeline in 2008. Natural gas trade all but ceased during 2008 and 2009, with Gazprom coming back to Azerbaijan and buying Azerbaijani gas at near market prices in 2010 in order to fill orders for the increasing demand from Europe. Therefore, Azerbaijan has been able to use its geopolitical and geoeconomic position, as well as its own energy reserves, to its advantage and keeps its distance from Russian dominance over its energy policy, which has drawn it closer to the American and Western sphere of influence, much to Moscow's chagrin.

Evidence for Russian energy coercion, or in this case the lack thereof, on Armenia is also evident in TABLE XV. Armenia has no natural gas reserves of its own and pays well below market prices than its neighbor to the north, Georgia. This can be attributed largely to Armenia's remaining friendship with Russia. Russia has backed Armenia in the Nagorno-Karabakh conflict with Azerbaijan, and for this Armenia has supported Russian foreign policy actions. Furthermore, Armenia is part of the Russian-led security organization CSTO. This has kept

Russian gas flowing to Armenia at a discount rate, much lower than Georgia, even though the gas must navigate through Georgia to Armenia via the North-South pipeline. For Armenia, it pays to be close to Russia.

Looking at TABLE XVI, the competition between Russian and non-Russian-based pipeline routes in the Caucasus region is evident. With the opening of the South Caucasus (BTE) pipeline in 2008, the Russian natural gas transport monopoly has been broken. Azerbaijan, with the help of Western, primarily American, investment, can now deliver its natural gas to European customers without the dependence of the Russian-based and Gazprom-owned Baku-Mozdok and Blue Stream pipelines. Azerbaijan also has the option of exporting to Iran, although as of late it has ceased all natural gas trade as part of the American-led embargo on Iran, due to its questionable nuclear program. What is important to note is that the BTE pipeline is new, Western-backed, and breaks Russia's transport monopoly to the West, and the competition for more transit routes between Russian and Western investors is growing, as evidenced in TABLE XVII.

TABLE XVI: EXISTING CAUCASUS NATURAL GAS PIPELINES

Pipeline	States on Route
South Caucasus (BTE)	Azerbaijan-Georgia-Turkey to Europe
North-South Caucasus	**Russia**-Georgia-Armenia to Armenia
Baku-Mozdok	Azerbaijan-**Russia** to Europe
Blue Stream (BS)	**Russia**-Turkey to Europe
Iran-Armenian	Iran-Armenia to Armenia
Kazi Magomed–Astara–Abadan	Azerbaijan-Iran to Iran

Source: Dellecker and Gomart (2011).

TABLE XVII shows that the competition is heating up in the Caucasus region over pipeline routes to the all-important European market. Three Russian-circumventing pipeline proposals, all with financing from Western-based companies and governments, have been proposed and seriously considered in the past five years. Especially in lieu of the 2008 Russian-Georgian conflict, these proposed pipelines have been increasingly questionable due to the unknown status of stability in the region, especially Georgia's control over its own territory. All three proposed Western-backed natural gas pipelines must travel through Georgian territory. It is this fact that also shows evidence for the assertion that the 2008 conflict was not over the sovereignty and protection of ethnic Russians. This glaring energy issue could be a main contributing factor behind Moscow's decision to resort to armed conflict in Georgia, a conflict widely condemned not only by the U.S. and the West, but by the larger international community. What is even more alarming is that the outcome of the war, if this assertion is true, may have worked. The only pipeline that has broken ground and started construction at the time of this writing is the Gazprom-backed South Stream pipeline. Many Western backers have shown less confidence and pulled their money out of the White Stream, South Caspian, and Nabucco pipelines, and these projects have been shelved for now. This is a Russian victory in the sense that it will have more control over the pipeline scenario in the Caucasus once South Stream is completed, and it took an armed conflict to get this control. This was Russian energy coercion at its most extreme, as military intervention has led to a favorable Russian energy policy. What might this mean for future endeavors where Russia seeks energy control in not only the Caucasus, but other regions where Russia sees itself as having privileged interests?

TABLE XVII: PROPOSED CAUCASUS NATURAL GAS PIPELINES

Pipeline	States on Route
White Stream	Azerbaijan-Georgia-Romania/Ukraine to Europe
South Caspian	Turkmenistan/Central Asia to BTE to Europe
Nabucco	Azerbaijan (BTE) to Bulgaria-Romania-Hungary-Austria
South Stream	**Russia** to Bulgaria-Serbia-Slovenia-Italy

Source: Dellecker and Gomart (2011).

This section has shown that the high salience of the Caucasus region, the high presence of Russia's principal rival, the United States, the public opinion results about the region, and the importance of the region to Russia's great power identity have all contributed to the high level of coercion of the Russian state on energy issues, salience that has even led to armed conflict in post-Soviet space. With this in mind, I now move to another region of post-Soviet space, Central Asia, to see if energy coercion is present where salience is low relative to the Caucasus, the U.S.-Russia rivalry is relatively absent, public opinion does not see the region as something for concern to Russia's interests, and the importance of the region to Russia's great power identity is not as strong.

D. CENTRAL ASIAN ENERGY SALIENCE: LIMITED COERCION

Central Asia has moved up on the security policy priority list of the United States and Russia since the invasion of Afghanistan in 2001, however with these conflicts winding down and the U.S. military presence dissipating, is becoming a region of competition between Russia and another major power, China. The region includes Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan – all former Soviet states. Central Asia is important for its energy potential and transit role. Kazakhstan, Uzbekistan, and Turkmenistan are the three states with large reserves of natural gas, and this section will only focus on the relationship between Russia and these countries. These states are all landlocked, and need the assistance of other countries and their territories to get their gas to external markets. They have three options: through Russia, through Azerbaijan and the West, or East to China, India, and other Asian countries (Nygren 2011). For now the majority of gas goes the Russian route, with the Western route becoming less attractive, yet the Eastern route being another viable and profitable option, with Chinese investment in pipeline routes and exploration increasing (Ziegler 2008). However, the coercion that may be expected from Russia is not happening due to this Eastern option. Why?

Kazakhstan, along with Belarus, is Russia's closest post-Soviet ally. Bordered by Russia in the north and west, the Caspian, Uzbekistan, and Kyrgyzstan in the south, and China in the east, it plays host to Russia's space program, Russian military bases, and also allows a heavy presence of Russian gas-giant Gazprom to help develop its outdated Soviet-era energy infrastructure. Kazakhstan also has al large amount of ethnic Russians residing within its borders, with nearly 40 percent of the population with this ethnic background. A sparsely-populated yet vast country, Kazakhstan is also the Central Asian state with the most proven hydrocarbon reserves, including natural gas, with about 3.6 trillion cubic meters (tcm) ready for extraction (EIA 2013). Kazakhstan has been heavily dependent on Russian pipelines to get their gas to external markets, and Russia has paid its ally near market prices as a reward for its political, economic, and military allegiance. However, China has been courting Kazakhstan for both its oil and natural gas reserves, with eastbound pipeline proposals in the works back by Chinese investment (Ipek 2007). Thus far, Russia has not protested to this movement eastward by Kazakh foreign policy makers.

Uzbekistan lies between the regional powers of Russia, Iran, and China. Uzbekistan also has significant reserves of natural gas, with near 2 tcm (EIA 2013b). This has made the region and states like Uzbekistan geopolitically important to the major powers of the world, including the United States, China, and Russia. The Soviet energy monopoly has been broken and now the U.S. and China have made inroads in the region due to the Soviet Union’s collapse. However, Uzbekistani foreign policy is interesting as it has shifted its allegiance form the pro-Western GUAM alliance of post-Soviet states (Georgia, Ukraine, Azerbaijan, Moldova), and the pro-Russian CSTO, several times to meet its needs at particular points in time. However, with the American presence waning, China has filled this vacuum as Russia’s main competitor for the purchase of Uzbek gas.

Kislov (2012) explains Uzbekistan’s precarious relationship between Russia and the United States and the West: “We can be friends unless you start talking about human rights and political reforms,” when talking to potential Western allies, yet for Russia, the message is different: “Give me more money but stay away with your comrade’s hugs” (Kislov 2012). In 2008, Uzbekistan withdrew from the pro-Western GUAM treaty and joined the CSTO. In June of 2012, however, the Central Asian state withdrew from the CSTO and is seemingly shifting its foreign policy orientation toward the West, specifically the U.S., once again. This pragmatic and “zigzagging” alliance shifting by Uzbekistan is always beneficial to the state. Much needed foreign aid as well as corporate FDI from both political blocs has been the result of this pragmatism. Since the incident in 2005 in Andijon, however, Russian support and friendship with Uzbekistan has grown, and the Central Asian state has distanced itself from the U.S. in lieu of American heavy criticism for the incident. This has also brought fellow-authoritarian China into the picture, as the growing China is constantly looking for energy sources to feed its booming economy.

Turkmenistan is the most opaque of the post-Soviet states, with a policy of “permanent neutrality” and no allegiances to major powers (Nygren 2008: 202). With the Caspian to the

West, Iran and Afghanistan to the south, and Uzbekistan and Kazakhstan to the north, Turkmenistan is in one of the most geopolitically volatile locations in the world. A very closed, authoritarian, and secretive state, Turkmenistan's neutrality policy has served it well in energy policy. Exporting its gas to Russia and Iran, and now China via the Turkmenistan-China pipeline, this state has been able to keep control of its natural resources with reliable customers. The country holds around 21 tcm of known gas reserves (EIA 2013c).

With all of this natural gas in Central Asia as well as the demand for gas both to the West and the East, situations for Russian coercive energy policy are present in this region. However, through the theory of coercive energy policy presented in the previous chapter, I uncover evidence that coercion is muted in this region due to the four issue-based impact factors of salience, rivalry, public opinion and great power identity.

1. Salience of Central Asia

TABLE XVIII summarizes the energy salience scores for Russia and the Central Asian states, first displayed in Chapter 3. The only state that scores in the moderate category is Kazakhstan. Kazakhstan records a salience score of six for Russia, as not only does it have pipelines and gas, but nearly 40 percent of its population is ethnic Russians (Ipek 2007). This vast country is an important natural gas link between the other Central Asian states and Russian pipelines, as well as an important supplement to Gazprom's growing supply demands to the European market. Furthermore, Kazakhstan shares a long border with China, and has been courted by Chinese national energy companies for it to become one of China's major suppliers of oil and natural gas to feed the growing energy demands for the rising power (Ipek 2007). However, Kazakh President Nazarbayev, in power since the Soviet breakup, has known the importance to his regime of Russian friendship, and his country is a member of all of the

Russian-led organizations in TABLE XVIII. Kazakhstan is thus rewarded with near-market price purchases of its natural gas headed for Europe. Its allegiance to Russian institutions may give Kazakhstan the special privileges it has in its shift towards Chinese investment in its energy sector (Ziegler 2008).

TABLE XVIII: NATURAL GAS SALIENCE SCORES BETWEEN RUSSIA AND CENTRAL ASIAN STATES (LOW 0-4, MODERATE 5-9, HIGH 10-13)

Central Asian state	Natural gas	Transit	Ethnic	Past Interactions	Adversary	Institutional	Total
Kazakhstan	2	2	2	0	0	0	**6**
Turkmenistan	2	2	0	0	0	0	**4**
Uzbekistan	2	2	0	0	0	0	**4**
Kyrgyzstan	0	0	0	0	2	0	**2**
Tajikistan	0	0	0	0	0	0	**0**
Overall Central Asian Salience Score: 3.20							

Turkmenistan gets a salience score of four. This is because of the lack of Russian allegiance in the form of membership in the Russian-led organizations that would otherwise reduce the salience score, as well as Turkmenistan’s role as a transit state and its hydrocarbon endowments. Russia had the monopoly on the transport of Turkmen gas to its European market; but now that has been broken by the Turkmenistan-China pipeline and could be further severed if the Trans-Caspian pipeline to Azerbaijan is ever built (Henderson et. al. 2012). This leaves the salience for Turkmenistan and its non-Russian courtships relatively high for the Russian state compared to other states of Central Asia.

Covered in the introduction and previous section, Uzbekistan has only recently embraced Russian hegemonic leadership and joined its sphere of influence. The Western condemnation of President Islam Karimov’s actions in the Andijon incident in 2005 has decided this shift in allegiance. President Putin, as well as China's Hu Jintao, was one of the only world leaders to praise Karimov's actions (Nygren 2008). Since the incident, U.S. troops have been expelled from Uzbekistan, relations with the superpower have soured, and Uzbekistan is joining the Russian-led security and economic organizations. It is currently a member of the Eurasian Economic Community, has been granted probationary membership in the CSTO, and is talking membership in the Shanghai Cooperation Organization (Ziegler 2008). Therefore, Uzbekistan also receives a salience score of four.

The final two Central Asian states in TABLE XVIII, Kyrgyzstan and Tajikistan, have the lowest Central Asian salience scores. Neither country has natural gas reserves, nor do they serve as important pipeline transit states for Russian natural gas. Furthermore, both countries belong to all three Russian led organizations. This makes these countries irrelevant for the analysis of this section. What this section has shown is that the countries of Central Asia are much less salient overall relative to those of the Caucasus. The relationship with these countries is somewhat different, as it is Russia that buys the majority of the three Central Asian state's natural gas and pumps it through its pipelines. Therefore, what I expect to see is a relatively high price in the purchase of natural gas from Russia. More on this will be covered in the dependent variables section. Next I look at the next impact variable, the presence of Russia's principal rival, the United States, or lack thereof, in Central Asia.

2. The United States-Russia Rivalry in Central Asia

After the attacks on September 11, 2001, the U.S. became dependent on Central Asian states to host its military and play a support role for missions against the Taliban and other terrorist groups. The Pentagon has an Air Force base near Bishkek, the capital of Kyrgyzstan; and prior to the 2005 Andijon incidents, a base in Uzbekistan. Prior to the invasion of

Afghanistan, Russia consented to the U.S. establishing a military presence in Central Asia, but only on a temporary basis (Kimmage 2005). Tensions rose as the Shanghai Cooperation Organization called on the U.S. to set a time table for a complete withdrawal from the region. American drawdown now seems imminent, thus the military presence in the region is near an end. The rivalry for influence in Central Asia between the U.S. and Russia seems to be waning, replaced by a new yet non-rivalrous competition between China and Russia.

This is not to say that the United States and its economic and political reach is completely absent in Central Asia, merely that the salient issues that caused tensions between the United States and Russia have been tempered with the exit of the U.S. military. After the U.S. invasion of Iraq, Putin's acceptance of the U.S. military presence so close to Russian borders as well as his partnership with America in the War on Terror was called into question (Nygren 2008). Furthermore, Central Asian oil and natural gas reserves were potentially seen as viable alternatives to the ever-growing volatile Middle East (Nygren 2011). Therefore, economic, primarily in energy, interest by the U.S. and American energy companies got the attention of Moscow, and raised the tensions between the U.S. and Russia over this part of the world. However, as American political influence waned and the authoritarian governments of Central Asia started to assimilate more into Russia's corner, along with the sharp spike in energy prices and the economic downturn of the Great Recession, U.S. energy investment interest has been reduced significantly (Ziegler 2009). It seems that Washington is leaving Central Asia to Russia, and with this enters increased Chinese interest in the energy reserves of this region of post-Soviet space. How has Moscow responded to these increased Chinese energy investment projects in Central Asia? TABLE XIX summarizes the main Chinese agreements with the three Central Asian states that have natural gas: Kazakhstan, Turkmenistan, and Uzbekistan.

The Chinese National Petroleum Corporation (CNPC), the state-owned energy conglomerate, has only recently entered the Central Asian energy sphere. Along with the construction of the Central Asia-China natural gas pipeline, which will be discussed in the dependent variables section of this Central Asian analysis, CNPC has agreed to buy natural gas from all three Central Asian states, supplies that take away from Gazprom's import monopolization of natural gas in the region, as well as possible future needed supplies for the growing European market. It has agreed to invest in the construction of a pipeline that will cross the entire landmass of the vast Kazakh countryside, from the Tengiz gas field in the West to the Chinese border in the East of the country. This gas field is on the border with Russia, and until this pipeline's completion all of the exported gas from this source went through Russian pipelines.

TABLE XIX: CHINESE NATURAL GAS AGREEMENTS WITH CENTRAL ASIAN STATES

	Agreement Name (Year)	**Explanation**
Kazakhstan	CNPC and Kazmunaigaz sign an agreement to build a pipeline from Western Kazakhstan to the East and on to China.	Diverts gas supplies from the Tengiz gas field, on the Russian-Kazakh border, to China over the entire territory of Kazakhstan
Turkmenistan	CNPC signs sales and purchase agreement with Turkmen government (2009)	China will be buying more than 40 bcm per year from Turkmenistan, more than Russia
Uzbekistan	CNPC and Uzbekneftegaz sign an export deal (2010)	China will be importing 10 bcm per year from Uzbekistan, diverting supplies to Russia for China

Source: Henderson et. al. (2013).

TABLE XIX also shows how China has agreed to purchase significant amounts of natural gas per year from Turkmenistan and Uzbekistan. As the Central Asia-China pipeline has been completed, China now has a reliable supply of natural gas coming from the West. However, this gas has also taken away from the purchasing power of Gazprom, as this gas that could have gone to European markets is now fulfilling China's energy demands. However, Russian backlash to these Chinese inroads have been very little. Cooperating partners in the UN and Shanghai Cooperation Organization, Russia and China have not come to discordant relations over Beijing's increasing presence in Central Asia. According to Kambayashi (2013) of *The Economist*, "Russia and China have much riding on their bilateral relationship. The government in Moscow is eager to benefit from its eastern neighbor's economic might, while in Beijing policymakers view Russia as a critical ally on the world stage. All this suggests the two giants will aim to cooperate as much as compete, at least for the moment" (Online).

China has been searching to diversify and increase its energy imports, in both oil and natural gas. It has been looking to the landlocked countries of Central Asia to feed this growth, and pipelines going east are now either completed and operational or under construction and near completion, at the time of this writing. I have found evidence for Russia to be coercive due to recent Chinese investment inroads it has made in this region of post-Soviet space; however, Russia has yet to implement this type of coercive policy. This is because China and Russia are international allies that agree on many geopolitical issues, especially when they involve the United States.

The United States and Russia, therefore, do not have issues of rivalry in Central Asia as they do in the Caucasus region. American political, economic, and military influence in the region is becoming scarcer as time goes on. With a war-weary public, American security involvement in the region is likely to be non-existent, and with the high cost of transporting natural gas and oil out of the region to American or European markets, the prospects of increased American energy company investment is also quite dim. With Russia's rival out of the picture more and more in Central Asia, these states have warmed up to influence from Moscow; however, China has begun to make political and economic inroads with the three states under examination in this section. Therefore, I find evidence here for the assertions made in the second hypothesis of this chapter. Because its relationship with Beijing is crucial, Russia will not coerce states that have made agreements with China, but will coerce states that work with the United States. The public opinion polls in the next section uncover why Russia may be more permissive over a Chinese presence in Central Asia, rather than an American one.

3. Public Opinion of the Central Asian States and China

This section covers the impact factor of public opinion on Russian coercive energy policy in Central Asia. Public opinion contributes to the salience of energy issues for Russia in post-Soviet space, as the theory of coercive energy policy has stated in the previous chapter. Therefore, as the salience scores for Russia and the states of this region are low, and the United States presence in the region significantly reduced, I expect to see public opinion polls with favorable views of the Central Asian states as well as China, an ally and international partner of Russia's. Russian energy coercion in the form of natural gas prices, pipeline transit fees, and pipeline competition, therefore, will be little to non-existent.

TABLE XX shows Russian citizens' opinions when asked which five countries are the closest allies to Russia. With the exception of Turkmenistan, all Central Asian countries as well as China make the list, with Kazakhstan and China as the top two states of all the countries listed for the entire poll. The Central Asian states of Uzbekistan, Kyrgyzstan, and Tajikistan all have had nine percent of Russians polled with the opinion that they are their country's closest allies. Compared to the Caucasus and United States, Russians have much more friendly opinions about the states of the Central Asia and China. This evidence furthers the prediction that coercive energy tactics by Russia in this region will be seldom used when compared to tactics in the Caucasus region.

TABLE XX: RUSSIAN OPINION OF ITS CLOSEST ALLIES IN THE CENTRAL ASIAN REGION

Respondents asked: Name five countries that you would call the closest allies of Russia.

	2005	**2006**	**2007**	**2009**	**2010**	**2011**
Kazakhstan	12%	24	19	18	16	18
China	12	24	19	18	16	18
Uzbekistan	4	6	6	9	5	7
Kyrgyzstan	5	7	7	9	4	6
Tajikistan	3	3	7	9	4	5

Source: http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2011Eng.pdf

TABLE XXI shows how Russians view the states of Central Asia and China when asked who they consider states that are unfriendly or hostile to Russia. The states from the region as well as China that make the list are near the bottom. Only four percent of Russians put China on this top five list, with the other states in the table only making this list for either three or two percent of Russians. This is furthering evidence for the lack of Russian energy coercion in this region, as there are friendly perceptions of the states of this region, and the non-rivalrous major power, China.

TABLE XXI: RUSSIAN OPINION OF CENTRAL ASIAN STATES IT CONSIDERS UNFRIENDLY OR HOSTILE

Respondents asked: Name five countries that you would consider unfriendly or hostile to Russia.

	2005	2006	2007	2009	2010	2011
China	4%	3	3	3	4	4
Tajikistan	2	3	2	1	1	3
Kazakhstan	1	2	1	1	1	3
Uzbekistan	1	2	1	1	1	1

Source: http://en.d7154.agava.net/sites/en.d7154.agava.net/files/Levada2011Eng.pdf

TABLE XXII shows Kazakhstan as Russia's most reliable international partner, according to Russian public opinion when asked to name three CIS countries. Similarly, TABLE XXIII shows that Russians believe the Central Asian state is the most politically stable and economically successful of all the CIS states. Russians see the authoritarian, corrupt, and very opaque government of Kazakhstan as the most reliable, successful, and stable government in the entire post-Soviet space (Ipek 2007). Traits such as democratic institutions, favorable human rights records, and transparency are not important when it comes to choosing friends of Russia to the Russian public (Nygren 2008). What is important is close political, economic, and security ties to Moscow, as Kazakhstan is a member of the CSTO, SCO, and Eurasian Economic Community, as well as a free trade zone customs union with Russia and Belarus. Kazakhstan for Russia, therefore, is rewarded with heavy Russian investment in its energy sector as well as paid near market prices for its natural gas. However, Kazakhstan has decided to look east and diversify its energy customer base in China. With another major power making inroads into post-Soviet space, it may be expected that the salience for Kazakhstan and the other Central Asian states would rise. Russian outlooks on the rising power via public opinion, however, show that

China is viewed as an international partner and friend to Moscow, unlike the other major power with a presence in post-Soviet space, the United States.

TABLE XXII: RUSSIAN OPINION OF RELIABLE INTERNATIONALPARTNERS IN CENTRAL ASIA

Respondents asked: Which CIS country (name three) would you call the most reliable partner of Russia in the international arena?

	2010	2009
Kazakhstan	37%	31
Uzbekistan	3	3
Kyrgyzstan	2	3
Turkmenistan	2	3
Tajikistan	1	2

Source: http://www.wciom.com/index.php?id=61&uid=154

TABLE XXIII: RUSSIAN OPINION OF CENTRAL ASIAN STATES THAT ARE THE MOST POLITICALLY STABLE AND ECONOMICALLY SUCCESSFUL

Respondents asked: Which of the following countries (name three) do you think are most stable and successful?

	2010	2009
Kazakhstan	34%	29
Turkmenistan	5	6
Uzbekistan	3	4
Kyrgyzstan	2	5
Tajikistan	1	2

Source: http://www.wciom.com/index.php?id=61&uid=358

TABLE XXIV looks at Russian public opinion about China. During Soviet times, the USSR and China were in a heated rivalry, with different ideological doctrines about communism and its spread around the world (Tsygankov 2009). Today Russia and China see each other as the counterweight to American dominant power throughout the globe, and that working together as allies is seen as beneficial to both Moscow and Beijing. This post-Cold War friendship is translated in the results of public opinion polls in TABLE XXIV that ask about the current Russian-Chinese relations. Roughly 35 percent of Russians see them as friendly or good with another 40 percent seeing them as normal or quiet. Only around 5 percent of Russians see the current relationship with China as tense or hostile. These results are in stark contrast to Russian public opinion about the United States, presented in the previous public opinion section of this chapter, where opinions of animosity are high. Therefore, a Chinese presence in post-Soviet space will not lead to Russian coercive energy policy with states that engage with China over natural gas export agreements.

TABLE XXIV: RUSSIAN OPINION OF RUSSIAN-CHINESE RELATIONS

Respondents asked: How would you assess the current China-Russia relations?

	2005	2007	2009
Friendly	15%	19	17
Good, good-neighborly	19	17	17
Normal, quiet	40	40	39
Cool	11	10	10
Tense	3	3	5
Hostile	2	1	1
Hard to tell	10	10	11

Source: http://www.pewglobal.org/database/indicator/24/country/181/

TABLE XXV shows the opinion polls of Russians when asked about the future of Russian-Chinese relations in the 21st century. As the results show, nearly half of Russians see China as either an ally or close partner to Russia in the foreseeable future. Roughly 30 percent see the future of relations being competitive or rivalrous, with a sizeable 21-24 percent believing it to be hard to tell at this point. What is clear is that there are much more optimistic appraisals about relations with China than there are with the United States. Therefore, as the theory of coercive energy policy predicts, the situation of other states that are not rivals of Russia gaining influence in post-Soviet space over natural gas issues will not lead to an increase in coercive energy tactics, if Central Asian states engage with China.

TABLE XXV: RUSSIAN OPINION ABOUT THE FUTURE OF RUSSIAN-CHINESE RELATIONS

Respondents asked: In your opinion, will China be Russia's friend or enemy in the 21st century?

	2005	2007	2009
Ally, friendly nation	22%	28	20
Close partner	26	24	27
Dangerous neighbor, competitor	25	20	24
Rival, enemy	6	4	5
Hard to tell	21	23	24

Source: http://www.pewglobal.org/database/indicator/64/country/181/

This section has presented how Russian public opinion polls over issues of Central Asia and the major power, non-rival China are in stark contrast to the public opinion polls of the Caucasus states and the major power, rival of Russia, the United States. Along with the low salience scores of most of the Central Asian states for Russia, the theory of coercive energy policy predicts that there should be favorable natural gas policies by Russia with these countries. Before looking at this evidence in natural gas and pipeline pricing and pipeline competitiveness, first we must look at the fourth impact factor; Russia’s great power identity in Central Asia. The Russian conception of Central Asia to its projection of a great power to itself and the international community is less important than the European and Caucasus regions of post-Soviet space, keeping issues of energy in this region at low salience.

4. Russian Great Power Identity in Central Asia

Unlike the Caucasus region, the historical ties for Russia to the Central Asian countries is not as long, nor do they have important core implications for the development of the Russian Empire, Soviet Union, and modern Russian state (Nygren 2008). Primary Muslim and secular, the region does not fill the ethno-religious, Slavic-Orthodox identity issues that are very salient to the Russian elite and masses; as the European and Caucasus regions do. Russian influence in the region began in the late eighteenth century when the Kazakhs asked for Russian support from the invading Uzbek khanate tribes (Nygren 2008). Russia answered the call and eventually took over and colonized the entire region by the mid-1800s. It was conquered militarily between 1865 and 1884. The region gave the Red Army some resistance during the Russian civil war years of the early 1920s, and in 1924 the five entities that are today the five states of Central Asia were created (Nygren 2008). With many revolts throughout the 1920s, the peoples of this region finally capitulated to Stalinist Russian rule in the early 1930s. These five entities became states for the first time in 1991.

The conception of a Central Asian region of similar peoples and political interests is, according to Nygren (2008: 162), "to some extent 'artificial,' and the very notion of Central Asia is difficult to place even geographically; it might be soon as part of Asia, part of the (greater) Middle East—its most northern tier, and it could have (but did not) become an arena for a great game between Iran, Turkey, Russia, and China after the demise of the USSR." Immediately after the Soviet collapse, Russia did not see Central Asia as an important region politically, economically, or militarily. The Yeltsin Administration was concentrating on privatization, democratization, and integration with the West, and Central Asia to the fragile Russian state had no place. Central Asia "was basically lost to Russia, mostly because of its lack of capacity to deal with the new states. Russia's economic relations with Central Asia stagnated, trade fell sharply and investments were close to zero" (Nygren 2008: 162).

It was not until the terrorist attacks on September 11, 2001 when Russia's interests in Central Asia rose sharply. Realizing that the borders of Central Asia were porous and not adequately defended against terrorist and insurgent groups, Russia agreed to allow a significant American military force to set up bases in the Central Asian states of Uzbekistan and Kyrgyzstan, as well as the allowance for American aircraft to fly over Russian airspace to conduct its military operations against Al Qaeda and the Taliban in Afghanistan. This very rare Russian-American cooperation did not last long with the U.S. invasion of Iraq in 2003, which Russia, vehemently opposed, and the American reaction to the events in Andijon in 2005 (Kislov 2012). Uzbekistan expelled the Americans from their bases in their country shortly thereafter, and Russia voiced its displeasure with the continuing U.S. presence in Kyrgyzstan. With the U.S. campaign in Afghanistan drawing down, the U.S.-Russian rivalry in this region is also being relaxed. Russia has close political ties with all Central Asian states except Turkmenistan, the closed state that has no close ties with anybody (Nygren 2008). With their principal rival out and their key major power ally in China in, Russian salience of the region is now reduced, where coercive energy policy will not take place.

This section has shown that Russia's great power identity is not found for the Central Asian region as it is for the Caucasus region. The region has only been in its sphere of influence for about 150 years, its peoples are mainly Muslim in religion and Turkmen in ethnicity (Nygren 2008). It has been an outpost of the Russian Empire and later Soviet Union and does not hold the same importance for the reassertion of Russian power for the new post-Soviet Russian state. Although the Russian language is used for cross-border communication, its use as the widespread second language vernacular for the population has been largely reduced since the USSR's fall (Nygren 2008). It has only gained the geopolitical salience for Moscow when the United States showed interest in the region after 9/11. With the Americans leaving, Russia has seen voluntary allegiance to Moscow by most of these states, with Kazakhstan, Tajikistan, and Kyrgyzstan full members of the Russian-led IOs presented throughout this dissertation. Turkmenistan is part of no political organizations of any kind, and keeps its relations with other states to a minimum; with its major partners only being Russia, Iran, and China. Therefore, the salience of the region for Russia remains low, the situation of a U.S.-Russian rivalry in the region is near extinct and a new major power is considered an ally of Russia, and the public opinion of the states of this region are favorable. These factors and the lack of need for Central Asia to prop up a great power identity will lead to the lack of Russian coercive energy policy in the region. The next section shows evidence for this assertion and presents the natural gas pricing and pipeline fees, as well as the lack of competition for pipeline routes in the region.

5. <u>Central Asian Dependent Variables: Russian Rewards and Pipeline Politics</u>

TABLE XXVI shows the natural gas prices Russian pays its Central Asian customers of Kazakhstan, Uzbekistan, and Turkmenistan for gas headed for Gazprom's European customers as well as Ukraine; and Turkmen prices China pays for its natural gas via the new Turkmenistan-China pipeline, and Iran. In the early years, Russia was buying gas from these countries at subsidized prices, usually because there were barter contracts that were very opaque and energy export developments were at a very low level (Henderson et. al. 2012). Gazprom began to change this pricing scheme with heavy investment in exploration, pipeline repair, and extraction (Henderson et. al. 2012). As demand from the European market grew, Gazprom needed other, more reliable sources of natural gas that could be transported through its pipelines. As the

Caucasus was looking west in that it was looking toward Western investment and Russian circumventing pipeline projects, the landlocked countries east of the Caspian Sea in Central Asia were the perfect supplement to this growing supply need. As compliance and allegiance to the Russian state was required to keep this steady supply going, a slow yet steady increase in purchasing prices was instilled throughout the decade, and by 2011 all three Central Asian states were being paid near market prices for their gas.

TABLE XXVI: NATURAL GAS PRICING IN THE CENTRAL ASIAN REGION: $/MILLION CUBIC METERS (MCM)

Central Asian State	Export Scheme	2003	2004	2005	2006	2007	2008	2009	2010	2011
Turkmenistan	To Russia	44	44	44-60	65	100	130-150	340	200	260
	To China	-	-	-	-	-	-	-	180	240-245
	To Iran	42	42	42	65	75	130-150	120-160	120-160	200-220
	To Ukraine	44	44	58	-	-	-	-	-	290-295
Uzbekistan	To Russia	-	-	42	60	100	130-160	190	200	250
	To Ukraine	51	-	64	95	-	-	-	-	290-295
Kazakhstan	To Russia	-	-	47	60	100	180	180	170-190	250
	To Ukraine	-	-	-	-	-	-	-	-	310-315

Source: Henderson et. al. (2013).

Any gas sold to Ukraine by these three states must go over Russian territory, and after the January 2006 Russo-Ukrainian gas dispute no separate bilateral contracts between Ukraine and Central Asian states was permitted; all prices to Ukraine are now set by Gazprom (Henderson et. al. 2012). Therefore, the high prices charged by these states to Ukraine are due to Russian coercion, and not the decisions of the energy elite of the three states. What is clear here is that compliance with Russian interests has led to a huge increase in revenue for these poor states of Central Asia, and the continuation of selling gas to Gazprom is now in these states' best interest. However, Turkmenistan, a state with no political allegiance to any major powers and with a policy of permanent neutrality, has begun diversifying its supply, as it has had Iran as a customer to serve the northern provinces of this Islamic state; and now it has a powerful, wealthy, and energy starved customer in China. Deliveries of gas through the Turkmenistan-China pipeline, also known as the Central Asia-China pipeline, began in 2009. The pipeline is now being expanded to include deliveries from Kazakhstan and Uzbekistan, and now Russia has a new competitor in Central Asia. However, due to the impact factors for Central Asia presented in the previous sections, Russia's non-coercive and generous natural gas buying processes for these countries have continued.

. TABLE XXVII shows the existing natural gas pipeline systems in Central Asia. As is evidenced, the competition over routes to the European markets is non-existent. Russia still holds the monopoly on transit routes to Europe from the region, and it seems that this will be the case for a long time to come. The Central Asia Center system is an updated version of the old Soviet routes, and is where most of the exported gas from the region travels to Russia and external markets. The Bukhara-Tashkent-Bishkek-Almaty pipeline is a regional one that gets gas from Russia, Uzbekistan, and Kazakhstan to the have-nots of the region, Tajikistan and Kyrgyzstan (Dellecker and Gomart 2011). The pipeline from Turkmenistan to Iran is a smaller operation that was set up so that the northern provinces of Iran could import cheaper gas, as the costs of transport from Iran's own gas fields in the south of the country were too high. The Turkmenistan-China pipeline is the newest pipeline that became operation in 2009 and has broken the monopoly of Gazprom's ownership of Central Asian pipelines. Uzbek and Kazakh supplies are soon to join their Turkmen counterpart and begin supplying China as well (Henderson et. al. 2012). However, Russia is getting what it wants in a reliable supplementary supply to Europe, and as long as this supply does not dwindle, the status quo of near market purchases from Gazprom will continue.

TABLE XXVII: EXISTING CENTRAL ASIAN NATURAL GAS PIPELINES

Pipeline	States on Route
Central Asia Center (CAC)	Turkmenistan-Uzbekistan-Kazakhstan to **Russia**
Bukhara–Tashkent–Bishkek–Almaty	Uzbekistan-Kazakhstan to Kyrgyzstan-Tajikistan
Turkmenistan-Iran	Turkmenistan to Northern Iran
Turkmenistan-China (Central Asia-China)	Turkmenistan-Uzbekistan-Kazakhstan to China

Source: Dellecker and Gomart (2011).

TABLE XXVIII lists the pertinent proposed natural gas pipeline projects that would travel through Central Asian territory.[14] The Caspian Coastal pipeline will transport Turkmen gas across the least amount of territory possible; from the eastern gas fields to the Caspian coast and up the coastline through Kazakhstan, and to Russian pipelines headed toward Europe (Dellecker and Gomart 2011). This will only increase supplies for Russian and Gazprom and keep Central Asia loyal to Russia's monopoly over transit to Europe. The Tajikistan-China proposal has been endorsed by Putin and will be paid for largely by China's national petroleum company and transport Turkmen gas through Tajikistan on to China as another outlet to feed China's growing gas demands. Finally the Trans-Caspian pipeline, discussed in the previous section, looks close

[14] The Trans-Afghan pipeline that is to travel from Turkmenistan through Afghanistan to Pakistan and India has been proposed, but there has been little investment due to the volatility of the territory it will cross has put the project on hold.

to dead due to lack of Western investment as well as Turkmenistan's eastward looking projects. Therefore, the competition over pipeline routes in Central Asia, existing or proposed, is very little.

TABLE XXVIII: PROPOSED CENTRAL ASIAN NATURAL GAS PIPELINES

Pipeline	**States on Route**
Caspian Coastal	Turkmenistan-Kazakhstan to **Russia**
Tajikistan-China	Turkmenistan-Tajikistan to China
Trans-Caspian	Turkmenistan to Azerbaijan

This section's evidence has shown the contrasting energy policies of Russia and Gazprom in Central Asia when compared to that in the Caucasus region. The low salience of the region, the relative absence of Russia's continued principal rival, the United States in the region, the non-adversarial public opinion of Russian citizens about these countries as well as China, and the lack of attributes of the region for Russia's great power identity have all led to less and less energy coercion, as all countries that sell natural gas to Gazprom are now receiving near market prices. Furthermore, the competition over pipeline routes to Europe in the region is non-existent, with the only competing pipeline routes headed for China, Russia's perceived friend and ally. Russian energy coercion in Central Asia, therefore, is at a very low level.

E. ASSESSMENT AND CONCLUSIONS

This chapter has empirically presented evidence that have backed the theory of coercive policy of this research project, by comparing two regions of post-Soviet space, the Caucasus and Central Asia. The impact factors of issue salience, situation of rivalry, public opinion, and identity have predicted whether or not Russian coercive energy policy will be used in the form of gas pricing and pipeline fees, as well as competition over pipeline routes to external markets.

In the Caucasus, the salience of this region is relatively high, the presence of Russia's principal rival, the United States in the region is also high, the public opinion of the states of the region as well as the United States are adversarial, and Russia's identity as a great power requires that the region is well within its sphere of influence, with no outside powers making inroads. Russia has event resorted to armed conflict with Georgia in an attempt to lessen the Western turn the country had been making, as well as discredit its reputation as a reliable transporter of natural gas and oil that circumvents Russian territory. Therefore, we see fluctuating and non-market prices for natural gas and pipeline fees as well as high competition over pipeline routes between Russia and Western companies. Russian coercive policy is present in the Caucasus region.

For Central Asia, Russia sees the region as less salient, the United States' presence is limited, public opinion about the region as well as China are not adversarial, and Russia's great power identity is not tied to the history and peoples of this region. Russia has found more reliable partners in this region with this dynamic, and therefore imports the natural gas from the three countries of Turkmenistan, Uzbekistan, and Kazakhstan at near market prices to supplement the growing European demand. Furthermore, these states have diversified their exports with China, and Russian coercion has not come about with the entry of this outside power into post-Soviet space. Therefore, there is ample evidence for the theory of coercive energy policy for the findings of this chapter.

I therefore fail to falsify all of the hypotheses presented in this dissertation thus far. The first hypothesis, which states that when energy salience is high for a region, as it is in the

Caucasus, Russia will be more likely to use coercive energy tactics; while if the energy salience is low, as it is in Central Asia, more accommodating energy policy is likely to be present. The second hypothesis that states that when the United States is present in a post-Soviet region in the form of energy investment, the likelihood that coercive energy policy by Russia will be used, also fails to be falsified. Again, when comparing the two regions, Azerbaijan sees heavy American investment while China has been making investment inroads in the Central Asian states of Turkmenistan, Uzbekistan, and Kazakhstan. Russia has been coercive in the Caucasus while not coercive in Central Asia. The presence of rivalry in post-Soviet space, therefore, plays a factor in the coercive energy tactics by Russia.

Public opinion polls show that Russians approve of coercive tactics in post-Soviet space, which may justify some the action that Russia takes with its energy power in the region. Furthermore, the Russian public sees the United States and Georgia, two states heavily involved in anti-Russian energy policies in the Caucasus, as Russia's two most hated enemies. On the other hand, most Russians see China and Kazakhstan, two states with energy interests in Central Asia, are seen as Russia's closest friends. Furthermore, Russia sees the Caucasus region as essential to the great power identity for 21st century Russia, with long historical, ethnic, and cultural ties to the region. Central Asia, on the other hand, has not been historically tied to Russia as long, and does not have the same ethnic and cultural ties to Russia. Therefore, the third and fourth hypotheses of this research project also fail to be falsified.

The next chapter moves from the micro analysis of Russian coercive policy for natural gas to a more macro approach, and employs a data-driven panel regression quantitative analysis to uncover which factors motivate the changing gas prices from 2000-2011 for post-Soviet states. As most natural gas requires that it remains in gas form and be transported by pipeline, this could give some states leverage against Russia to counter its coercive policies. I expect those closer to the Russian government economically, militarily, and diplomatically to pay the least for natural gas, with those tied more to the West paying the most for the commodity.

V. RUSSIAN COERCIVE ENERGY POLICY WITH NATURAL GAS: A DATA ANALYSIS

A. INTRODUCTION

Moldova is the poorest country in Europe, located at the crossroads of Russia, Ukraine, and the European Union (Aslund 2012). Dependent on agricultural exports for economic vitality, Moldova has had to make tough choices to provide goods, services, and commodities to its populace. Moldova has frequently made concessions to Russia in hopes of greater access to its markets and in return Russia would provide essential investments in infrastructure and commodities, specifically in energy. Moldova has also allowed for the relative autonomy of the pro-Russian enclave of Transdniester, a self-governing territory protected by Moscow. Owing near $4 billion in natural gas fees to Gazprom, Moldova's intention was clearly to gain favor with Russia, instead the opposite has happened.

Moldova has bent towards Russia in hopes that coercion decreases; it has sold its majority share of natural gas pipeline infrastructure to Russian energy giant Gazprom in return for below-market gas prices. This "assets-for debts" tactic has been used not only on Moldova, but many other former Soviet states owing energy debts to Gazprom in order to gain more leverage and have a bigger footprint in these countries (Nygren 2008). An in-depth discussion of this tactic will be in the next chapter. However, Russia has not held up its end of the bargain, and has demanded higher prices for energy and has threatened embargoes on Moldovan goods until these concessions were made. In 2006 Russia cut off imports of Moldovan wine, halving the total imports (Aslund 2012). Russia also demanded an increased price for gas at $400 per 1000 cubic meters, which is even higher than the market price that EU customers pay. It cut off gas supplies in 2006 until an agreement was reached Aslund 2012). Moldova has learned, very painfully, that concessions to Russia only result in further demands; something with which the struggling country cannot afford.

Instead of bending more in the face of continued Russian demands, Moldova has done the opposite and has begun looking to the West. Moldova turned to the EU for help in hopes of detaching itself from Moscow's grasp. In June of 2012, Moldova received a $34 million grant in economic aid from Brussels, and is in negotiations with the organization for a free trade agreement that has been ironed out in June of 2013 (Aslund 2013). Cleary the outcome of Russian coercive diplomacy was not as intended.

As I have outlined in my framework of the theory of coercive energy policy, Russia will use its power in a coercive manner in post-Soviet space when the issue is salient, there is a standing rivalry, the public supports the moves, and the region in question is important to Russia's great power identity. This chapter will follow this theory to demonstrate that Russia uses its energy power coercively during these contexts. Chapters 3 and 4 have already shown that the Russian public supports Russia's coercive energy policy in the Caucasus and European sub-complexes. This chapter goes further with a quantitative analysis to uncover which factors correlate with these policies. The power politics-style coercive energy policy Russia has implemented is backfiring; Moldova is now moving closer to the West and away from the economic grasp of Russia. Ukraine has also suffered from Russian energy coercion and has also gained a more pro-Western outlook on their foreign policy. These topics will be discussed in the next chapter. Here I examine Russian coercive energy strategies with panel regression analyses and find that allegiance to Moscow has been rewarded with lower gas and transit fees, and Western allegiance attempts lead to higher natural gas prices.

Power, its sources, uses, and potential, has long been at the heart of international relations scholarship. Yet most seem to either examine power from the perspective of material power (Morgenthau 1948, Waltz 1979, Mearsheimer 2001). Others have jumped to examining Nye's "soft" power in all forms, mainly cultural or the power of ideas (Nye 2004, Tsygankov 2006). This chapter will examine how Russia uses modern coercive energy power. Discussed throughout this dissertation, the main engine of power for Russia in post-Soviet space is energy. The specific research question of this chapter's analysis is how have the Putin/Medvedev Administrations used energy as a diplomatic weapon, specifically natural gas; and which variables influence the Russian government's decisions on these matters? Factors such as close ties to the Russian government, ties to the West, whether or not Russian and each post-Soviet space has been involved in an MID since the Soviet breakup, whether or not the country is a pipeline transport territory for Russian energy exports, and the amount of ethnic Russians living in former vassal states, are all relevant to the examination of Russia's use of energy as a source of power towards the customers of its former empire.

This chapter begins with the presentation of the hypotheses of this analysis. I then discuss several coercive events in the European sub-complex of post-Soviet space, a region not covered in the previous chapter. Finally, a research design section and quantitative analysis that uncovers which factors influence Russia's coercive energy policy. I find that increased Western ties correlate with increased natural gas prices (that are subsidized) for that state the following year. States that have close diplomatic ties with Russia are found to pay the least amount for natural gas. This indicates that Russia uses both the "carrot" and the "stick" with its energy policy (Baldwin 1985).

B. REVIEW: HYPOTHESES OF COERCIVE ENERGY POLICY

In Chapter 3, I advanced a theory of coercive energy policy. Russia utilizes its abilities to challenge rivals, those states it has salient issues with, states important to its assertion to itself and the world that it is a great power, and those states internal public opinion vilifies. Here I examine how Russia has marshaled coercive energy power and commodities income according to the empirical evaluation of outcomes. Russia and Gazprom use natural gas subsidized pricing, pipeline transit fees, and trading debt for infrastructure rights as a political tool to bring allies and enemies closer to its sphere of influence, but what factors determine its use of energy power? This chapter focuses on natural gas pricing only. Gazprom is an arm of the state, and the state's goal is to maximize it leverage and influence in what it perceives to be its exclusive sphere of influence. Russia requires that its former vassal states continue to freely transport natural gas to its customers, the countries of Europe. Just how critical are ties to the West or Russia in determining natural gas pricing models? What influence does conflict have on pricing outcomes? These questions are critical but have been failed to be systematically investigated. With this in mind, the following hypotheses will be investigated:

H5: Countries of the former Soviet Union whose governments have closer diplomatic ties to Russia over the West will have lower natural gas prices relative to those post-Soviet countries that do not have close ties to Russia.

H6: Countries of the former Soviet Union that have experienced a militarized conflict with Russia will see an increase in natural gas prices the following years.

C. RUSSIAN ENERGY POWER

Ukraine, the largest of the countries in post-Soviet space, besides Russia, and also the most important gas-transit state for Moscow, has been less than cooperative over the years. Most Russian natural gas headed for Europe travels through Ukrainian territory and over 66 percent of

Ukraine's domestic natural gas consumption comes from Russia.[15] Ukraine has; however, a foreign policy tool of its own to counter this dependence, as the main oil and natural gas pipelines to Central and Western Europe pass through the former Soviet republic. Its gas pipeline system has a capacity of 120 billion cubic meters per year, and Ukraine receives transit fees from Gazprom, paid in gas subsidies and cash (Woehrel 2009). According to a report in 2006 by the International Energy Agency, 84 percent of Russia's gas exports and 14 percent of Russia's oil exports transit through Ukraine's pipelines, most of which are going to Russia's most important and high-paying European customers (Woehrel 2009). Therefore, Russia's decision to cut off gas supplies to Ukraine is clearly political rather than economic, and potentially hurt Gazprom's reputation as a reliable gas supplier to its European customers (Stern 2006). Russia believed that Ukraine was siphoning off gas from its pipeline without permission and owed Gazprom money. The mid-winter gas shutdown was to coerce Ukraine into cutting a deal to repay its debt. Another factor was that Ukraine had elected a president who had anti-Russian feelings - Yushchenko in 2004, and this was a political move in reaction to the new president's election.

Europe pays the market price for Russian natural gas, and the Russian public pays a very low subsidized rate. Gas prices for post-Soviet space are also subsidized usually lie between the European market price and the Russian domestic price (Tarr and Thomson 2003). As Russia tries to meet its great power identity in the post-Soviet period, it is only natural that it exerts the power of natural gas endowment on unfriendly states such as Georgia and Estonia (Feklyunina 2012). This is exactly what has happened in Ukraine, with gas price disputes between Russia and Ukraine leading to two pipeline shutdowns during winter in 2006 and 2009.

[15] Denisov and Grivach 2008. Russia's "gas weapon" has begun to lose its potency as some pipelines circumventing Russia have come online. Ukraine, for example, has recently cut its purchases of Russian gas, and now buys gas from other countries, mainly Azerbaijan and also Central Asia, at lower prices.

Here I argue that certain contextual factors decide how much Russia charges its natural gas-dependent consumers in order to bully its former Soviet empire to adhere to the interests of Moscow. The issue of energy is very important to Russia in terms of its stakes as well as image to itself being a great power. When the stakes are both of a concrete and a transcendent nature, a very peculiar pricing system emerges in the Russian Near Abroad (Mansbach and Vasquez 1981). To continue its domestic subsidized pricing system, Gazprom needs foreign revenues from the EU, Near East, and Asia. To get their product to these important customers, it needs the states of the former empire to be reliable and complicit transporters. The prices it charges these states for their natural gas is dependent on the level of rivalry, the issues under disagreement, identity issues of the three sub-complexes, and public opinion.

Covered throughout this dissertation, Russia is attempting to rebuild a sphere of influence in Eurasia, especially in the European and Caucasus regions of post-Soviet space, to counter the United States and the West's growing activities in what Russia considers its exclusive political and historical territory. I argue that ties to the West, a key symbolic issue of disagreement, will have an influence on the economic statecraft that Russia imposes on these neighbors. This chapter will only consider natural gas prices, as many states once part of the USSR are completely dependent on Russia for their natural gas needs, especially in the European region, thus giving Moscow a greater opportunity to coerce them into political adherence.

D. RUSSIAN ENERGY COERCION IN THE EUROPEAN SUB-COMPLEX

Examples of natural gas economic statecraft by Russia towards its former empire in the European region of post-Soviet space are plentiful. With regards to the Baltic area, evidence of Russia's maximization of influence on these states lies with the Nordstream pipeline project (Hubert and Ikonnikova 2003). Nordstream is a pipeline that is being built under the Baltic Sea directly to Germany, Russia's best European customer. The pipeline is funded by Gazprom and several German multinationals. Russia has faced opposition by Ukraine and Belarus in attaining full control of energy infrastructure (mainly the pipeline system) in Central and Eastern Europe. Russia is trying to bypass countries in the region entirely in order to avoid the political complications that come when trying to use its energy leverage towards these states (Woehrel 2009). This pipeline would have a capacity of 55 billion cubic meters per year, and it is scheduled to be operational by 2013 (Woehrel 2009). However, many states in the region have objected. Cheaper land-based pipelines could be built through Estonia, Lithuania, Latvia, and Poland, or gas could continue to be transported through existing pipelines in Belarus or Ukraine. Why opt for the expensive and logistically difficult underwater pipeline? This plan would give Russia the maximum strategic advantage to subordinate its former satellites. Some central former Soviet states such as Ukraine and Belarus are transit countries, where pipelines of Russian gas flow through their borders on its way to Europe. These transit countries are politically troublesome since they can impose demands on Russia rather than Russia imposing demands on them, as evidenced in the next section.

In 2007, Gazprom and the Italian firm ENI signed a joint agreement to build what is now popularly known as the "South Stream" gas pipeline intended to run through Russia to Turkey (Nygren 2008). The pipeline would then traverse through the Balkans, with branches to Austria and Italy. Bulgaria, Serbia, and Hungary are also signatories to the project. Now projected to have a capacity of 63 billion cubic meters per year, South Stream is projected to be finished in 2015 (Woehrel 2009). South Stream would also bypass the current transport states of Belarus and Ukraine. This pipeline, like the Nordstream project, is intended for the EU market and will not serve any new customers. As the same gas could reach these markets through Ukraine and

Belarus, why spend billions on a pipeline that serves no new customers? This will allow Russia to maintain its current market share and also deter others from attempting to penetrate the lucrative EU market. Furthermore, the pipeline will also allow for Gazprom to take transport privileges away from Ukraine, the state which has caused the Russian elites much grief over the years with the 2006 and 2009 gas disputes. With more options to circumvent Ukraine and Belarus, Moscow will be able to finally keep Kiev's and Minsk's leverage over Gazprom in check. This gives Russia greater ability to utilize economic statecraft without being checked by external powers.

Attempts at energy statecraft have been particularly felt in the European post-Soviet states of Ukraine and Moldova. These states have suffered natural gas shutdowns through their pipeline systems when pricing, pipeline access rights, and possibly attempts at democratization and alignment with the West. Ukraine is a special case as it is the busiest natural gas pipeline transit country for Russia. Russia and Ukraine are constantly renegotiating gas and transit prices, respectively. The fact that Ukraine has attempted alignment with the West and has attempted to integrate itself into the European Community several times, may have led Russia to rethink these gas and transit pricing agreements (although in 2009 a more pro-Russian government was ushered in to power). Ukraine has been a centerpiece for contention among Russia and the West, and perhaps this pipeline leverage is the reason why. Ukraine has taken a stand against Russian attempts to dramatically increase gas prices, even in the light of shut-offs in the midst of winter (2006 and again in 2009). For now, Ukraine has been troubling for Russia, as it has great leverage as the major transport point of Russian natural gas.

On October 2, 2007, as it was becoming apparent that Orange parties were going to control the Ukrainian Parliament, Gazprom again began economic statecraft with Ukraine. It threatened to reduce gas supplies by 50 percent if Ukraine did not pay its outstanding debts to Gazprom by the end of the month (Woehrel 2009). This crisis was averted when Kiev agreed to a natural gas price of $179.50 tcm for 2008, a 38 percent price-hike compared to 2007 (Woehrel 2009). However, this increase was double that given to Belarus, another transport country with anti-Western, pro-Moscow sentiments.

Another Russo-Ukrainian gas crisis began on January 1, 2009, when Gazprom stopped gas supplies to Ukraine. The issues that lead to this gas row included debts owed by Ukraine to Gazprom and disputes over the price that Ukraine would pay for 2009 (Nygren 2008). The shutoff was intended only for the gas for the Ukrainian market, as Russia continued to send gas intended for its European customers. When these supplies did not arrive, Russia accused Ukraine of siphoning off gas for its own use, and by January 6 cut off all deliveries through Ukraine, which undersupplied the rest of Europe in the midst of a very cold winter (Woehrel 2009). On January 18, 2009, Gazprom and Ukraine came to an agreement, and gas to Europe resumed on January 20 (Woehrel 2009). All of these rows and disagreements over gas occurred under the Yushchenko presidency, which was boisterously pro-Western and anti-Russian.

The 2009 contested elections (because of possible election rigging supported by the Russians) of pro-Russian Yankuyvich, according the theory of coercive energy policy, should mean an even cheaper natural gas price according to our model. The Nordstream and South Stream pipelines are clearly Russia's future tool to regain leverage with gas in the region. However, if the Putin Administration can reign in the government of Ukraine to remain friendly to Moscow and more hostile to the West, there may not be a need for continued expensive construction for these logistically difficult pipeline networks.

Moldova has also suffered crises with Russia similar to those of Ukraine's. On January 1, 2006, parallel to the Russo-Ukrainian dispute, Gazprom cut off natural gas supplies to Moldova. Moldova had rejected Moscow's requirement that it was to double the price Moldova pays for natural gas (Kalicki 2004). Gas supplies were restored on January 17, when Moldova agreed to a natural gas price increase from $60 per thousand cubic meters (tcm) to $110 tcm. Moldova also agreed to give Gazprom its 13 percent stake in MoldovaGaz, the overseer of controls Moldova's pipeline and energy infrastructure in return for Gazprom forgiving some of the $4 billion debt (Woehrel 2009). As Moldova is also pro-Western and democratizing, Moscow saw the need to punish it for its allegiances. Unfortunately for Moldova, it does not serve as a courier to Europe as Ukraine does, thus has no ability to counter Russia's coercive energy power.

Even Belarus, considered to be Russia's closest and most supportive ally, has been the victim of Russian energy coercion in the winters of 2004 and 2006-2007 (Garbe et. al. 2011). Belarus, as a reward for its adherence to Russian foreign policy, has enjoyed subsidized near Russian-domestic prices since independence in 1991. Where friction has occurred between the countries is the Russian reluctance to allow Belarusian manufactured goods in exchange for Belarus's cheap natural gas pipeline fees, a pipeline that also feeds the energy needs of the Russian enclave of Kaliningrad, which has been cut off from mainland Russia since the Soviet breakup (Garbe et. al. 2011). Belarusian President Lukashenko, therefore decided to play this economic card against its more powerful neighbor, once in 2004 and again in 2006-2007.

The dispute in 2004 began over a disagreement over a previous 2002 agreement that Belarus would continue to receive Russian domestic natural gas prices as long as Gazprom was given 50 percent control over Beltransgaz, the Belarusian company in charge of the natural gas pipelines within its territory. Gazprom would therefore be able to more reliably supply

Kaliningrad and its Western European customers (Garbe et. al. 2011). President Lukashenko disagreed with the price that Gazprom was to pay for its state in Beltranzgaz (Gazprom wanted to pay $1 billion but Belarus was asking $2.5 billion), and for this difference in opinion, Gazprom immediately raised the prices on gas. Neither side budged, thus on January 1, 2004, Gazprom shut off all deliveries to Belarus, which also meant that gas deliveries did not make it to European customers. Gazprom faced international backlash and quickly reestablished gas supplies through Belarus. Although Gazprom was able to raise prices slightly, it did not achieve the 50 percent control over Belarus's pipelines. Not forgotten, Russia countered with another gas dispute in the winter of 2006-2007.

In March 2006, Gazprom announced that Belarus would begin paying closer to market prices beginning in 2007 (Garbe et. al. 2011). Belarus then announced that it would raise the transit fees on both natural gas and crude oil if these prices were to increase. Gazprom countered by offering the original $2.5 billion for its 50 percent stake in Beltransgaz, but Belarus would have to pay a higher price for natural gas, albeit well below the European price (Garbe et. al. 2011). In the end, both sides got what they wanted; Gazprom got control of Belarusian pipelines and Belarus continues to receive subsidized prices for its political loyalty to Moscow. Regardless, here there is evidence that Russia is willing to coerce even its closest friends if they are perceived to be asking too much and attempting to counter Russian power and dominance in the European sub-complex of post-Soviet space. It seems that building pipelines that circumvent these post-Soviet countries is the future tactic for energy coercion, and this topic will be covered in more detail in the concluding chapter.

There has also been talk of the West's slow reaction to recent moves by Putin and his energy policies (Stern 2012). Remembering Chapter 2, Baldwin posits that states offer economic rewards or withhold economic advantages using economics as an instrument of politics (Baldwin 1985). This suggests that the European Union has little leverage against Russia, as it is dependent on Russia for its gas needs. The United States, which has required cooperation with Russia in regards to use of post-Soviet space for transport and bases for its war against terrorism in the Middle East and South Asia, has also been slow to reply. Both the EU and the United States are scorned for their lack of tough diplomacy in regards to Russia's recent actions against Ukraine, Moldova, and Georgia (Svedberg 2007). The most visible criticism has come from 2012 U.S. Republican presidential Mitt Romney, who famously declared Russia the United States' number one geopolitical foe. These arguments contribute to my study as they suggest that Russia will bully its former satellites without adequate counter-diplomacy by the West.

E. RESEARCH DESIGN: RUSSIA'S ENERGY POLICY IN THE FORMER SOVIET UNION

The previous sections have led to the quantitative analysis of Russia's coercive energy policy conducted here. The qualitative examination of the issue is presented in the previous chapter and is useful, but we can only understand the full patterns, interactions, and effects on the process with a quantitative study. This section uncovers the factors that lead to either lower or higher natural gas prices according to an analysis of all cases in order to eliminate some potential biases and confounding explanations. As hypothesized earlier, I assert the factors to be diplomatic closeness to Russia; whether an militarized interstate dispute (MID), which is a militarized display by one state against another that falls short of the empirical definition of war's 1,000 battle death minimum (Ghosn et. al. 2004), has occurred between Russia and each state; and present or past ties to the West that are correlated with the price each state pays Gazprom for its natural gas imports.

1. Impact Factors

Belarus and Kazakhstan each have authoritarian regimes that side with Russia. Thus these states pay the least for their Russian natural gas. These authoritarian regimes give Moscow a reliable ally and are rewarded with stable and cheap gas. Ukraine also pays relatively very little, and this can be attributed to its uniqueness as the courier for the majority of Russian gas to Europe and less so to its pseudo-democratic government (Stern 2006). The Baltic States, Moldova, and Georgia all pay higher gas prices for their freedom from Moscow's political grasp. Moscow can rely less on compliance from these democracies, which may elect pro-Russian accommodationists or anti-Russian hardliners. The inconsistency of leadership preferences, I argue, leads to colder relations and higher gas prices with Russia.

Operationalization of the diplomatic ties to Russia factor comes in two forms. The first are categorical variables replicated and extended from the Diplomatic Correlates of War (DCOW) project (Bayer 2006). The variables are coded based on the amount of diplomatic relations among dyads for every five years. For the purposes of this study, I extended the coding rules for DCOW and gave countries scores for each year in the 2000-2010 range. The dyads consist of Russia and each country in the analysis. Each country in the dyad is assigned a score based on the level of diplomatic relations for each country year:[16] "0" for no evidence of diplomatic exchange, "1" for *charge d'affaires* representation, "2" for minister level representation, and "3" for ambassador status (Bayer 2006). For this analysis, I simplify the coding and code Russia and each country as "1" if there are diplomatic exchanges at any level, with a "0" coded if there is no diplomatic exchange. This has happened often between Russia and post-Soviet space. I expect that countries that hold diplomatic exchange status (on both

[16] The DCOW set only provides diplomatic data for every five years. This study replicated Bayer's methods to get scores for every country year, as was needed for the analysis.

sides) will pay the least amount for their natural gas, while countries no diplomatic representation will pay the most for their lack of cooperation with Russia.

The second variable that examines ties to Russia captures whether or not a militarized interstate dispute has occurred within each dyad. crises occurred in the country year of the dyad. These are found by examining Ghosn et. al.'s (2004) Correlate of War (COW) dataset in MIDs. Here I hypothesize that because of Russia's great power identity crisis, it will not let recent past animosities go very easily. Therefore, if al militarized dispute has occurred between Russia and a post-Soviet state, Russian coercion in the form of higher gas prices will be the result. Examples in this analysis include the Russo-Ukrainian territorial dispute over Tuzla Island in 2003 and the Russo-Georgia conflict in 2008, and the operationalization is a dichotomous dummy: "1" when an MID has occurred between Russia and each state, "0" when no dispute has occurred.

The next variable predicts that remnants of Cold War mentalities are still in the upper echelons of Russian leadership. Post-Soviet countries that attempt cozier relations with the U.S., EU, and other Western countries at the expense of their relationship with Russia, will pay more for Russian natural gas than those states that have closer ties with Russia. Georgia has good relations with the U.S., and has paid the most for natural gas in the Caucasus region. Since the fall of the Soviet Union, Ukraine's regimes in power have fluctuated between East and West, and Russia has cut off gas supplies during anti-Russian government control. This leads me to hypothesize that ties with the West may increase natural gas prices. One of the stated goals of the Medvedev and Putin governments is their need to balance the West. Former Soviet countries that hinder this balance pay the price. This variable is operationalized in two ways: if the state has attained membership in the Western military or economic alliances of GUAM, NATO and the EU or its Neighborhood Policy, or has expressed a serious desire to do so in the past five years.

For this requirement, looking at membership ascension to the EU, its Neighborhood Policy, GUAM, and NATO is documented. Western ties are coded as “1”, and “0” if the state’s government is more Russia-friendly during different time periods of 2000-2011. This factor fluctuates with regime and foreign policy changes over time. Many countries, such as Ukraine, Georgia, Uzbekistan, and Azerbaijan, have switched their ties between the West and Russia. Before looking at the results of our analysis, a description of several control variables must be discussed.

Regional controls are also added to the dataset to control for the differing energy salience Russia has with each of the three regional sub-complexes of post-Soviet space: European, Caucasus, and Central Asia. Because the European and Caucasian sub-complexes are more salient to Russia and its great power identity, it is important to control for these regional factors. A “1” is indicated for each dyad and region the post-Soviet state is located, “0” otherwise.

The pipeline variable looks at whether or not the post-Soviet state serves as a courier for Russia’s natural gas to other markets, or sells their gas to Russia for export to external markets. Belarus and Ukraine are examples for the former, Kazakhstan and Uzbekistan for the latter. The prices of the courier and non-courier countries seem to differ without any market reasoning. Belarus pays about the same as Ukraine (courier) and Azerbaijan (own gas supply and alternative courier), yet is 100 percent reliant on Russian gas. Belarus, however, serves as a courier to Europe, which may be why the state pays a discount. Therefore, I argue that good relations with Moscow are another factor deciding the price of gas for states, and this variable has already been operationalized above. This variable is coded “1” if it serves as a courier for Russian natural gas, “0” otherwise.

I also control for the number of Russians living in the country of interest. Russia has granted citizenship to all Russians living in its Near Abroad countries. Presented in Chapter 3, the work of Ayres (2000), Saideman (2002), and Jenne (2004) find that ethnic minorities can go radical if their rights are minimized, and will especially feel empowered with the support of their country of origin. I find evidence for Russian support of its ethnic brethren in post-Soviet states, and hypothesize that if there is perceived mistreatment of ethnic Russians, coercive energy policy will be present. If something goes awry, Russia has reserved the right to protect its citizens in those countries, including invasion. If ethnic Russians are mistreated in any way, Russia has retaliated (Estonia, Ukraine, Georgia). If these countries, therefore, treat ethnic Russians favorably, Russian gas prices should be low. I code this variable as “1” if the country has at least 15 percent of its population endowed with ethnic Russians, “0” otherwise. 15 percent is the average amount of Russians who live in all countries of the former USSR, therefore countries that have more than 15 percent are above average, and serve as a logical cut point. I expect that countries with high Russian populations should pay less for their gas, and those with little to no ethnic Russians to pay more.

The dataset for these analyses is comprised of 14 Russia-Near Abroad state dyads from 2000 to 2011. I delineate these dyads into separate groups and as the analysis is over a period of time, the most appropriate technique is using panel data regressions. Panel data is used to observe the behavior of different entities across time. My entities are dyads, and I look at effects of different contextual impact factors as well as controls for these pairs of states to get an overall analysis Russia’s coercive natural gas pricing system. For these purposes, I measure the effects of these factors on the different natural gas prices for all dyads. There are two models that can be used to uncover these effects using panel data: random effects and fixed effects. Random effects models assume that the variation across our dyads is random and uncorrelated with the independent variables in the model. Random effects are useful if it is believed that differences across dyads have some influence on the dependent variable. For this analysis, I assume that the differences in the nature of each dyadic relationship will have an influence on natural gas pricing. The intensity and relations range for each dyad are not the same; therefore the random effects model is appropriate for the analysis. However, I find it appropriate to run the fixed effect model as well.

Fixed effects models are used when the primary interest is analyzing the impact of variables varying over time. They also control for trending effects which can lead to unite root issues. This model assumes that each dyad has its own individual characteristics that may influence the independent variables. Something within each dyad may affect either the independent or dependent variables and must be controlled. Another assumption of fixed effects is that each dyad is different and thus the error term and constant of each dyad should not be correlated with the other dyads. As I am also interested in the separate effects of the impact factors and natural gas pricing, I also run a fixed effects model which treats each separate dyad as a dummy variable on the others. Only the main independent variables of 'Russian ties', 'Post-Soviet ties', 'Western ties', and 'MID' are used in this model, as the dyadic dummies already control for the attributes of the others. I therefore run both models for panel data. Random effects are run to get an overall picture of the contextual variables on natural gas pricing on the entire population, and fixed effects are run to uncover the individual and unique effects of the variables and natural gas pricing for each dyad in the dataset. Next I explain the nature of the dependent variables in the data, as well as the unit of analysis.

F. DATA ANALYSIS: RUSSIA'S ENERGY BULLY PULPIT

The unit of analysis for these quantitative analyses is dyadic week. The time period analyzed is 2000 to 2011.The dependent variable is lagged one week for these models. For the dependent variable, collection of different natural gas prices from different regions came from a number of sources including the International Monetary Fund (IMF), the Oxford Institute for Energy Studies, and the United Nations Commercial Trade Statistics Division (UN Comtrade). These prices come in different weights and currencies; therefore I convert all prices to be US dollars per million cubic meters ($/mcm) for these panel regressions. The gas-scarce Central Asian states of Kyrgyzstan and Tajikistan are not included in the analysis because these states have no direct pipelines from Russia nor do they trade with Russia for natural gas. Therefore, there is no pricing data for these states with Russia or Gazprom. These states receive their gas from neighboring Uzbekistan and Turkmenistan and are beyond this chapter's scope. For the European and Caucasus regions, the prices in the model are what each state pays Gazprom for natural gas. The Central Asian states of Kazakhstan, Uzbekistan, and Turkmenistan are coded differently but at the same measurement in dollars per million cubic meters. The prices for the dependent variable for these states are what Gazprom pays for their natural gas. The same concept of Russian coercion applies, however; as if these states were to get out of Moscow's good graces, Gazprom would respond by paying these countries less for their natural gas, as the choices for routes to external markets have been under the monopolistic control until recently, with China's entry into this part of the world.

TABLES XXIX and XXX show the results from several panel regression analyses. TABLE XXIX shows the results of the random effects model, which controls for differences between dyads and the effects on the dependent variable. The 'Post-Soviet' relations diplomatic coefficient shows negative statistical significance. When a state has close diplomatic ties to

Russia over time, it is rewarded with lower natural gas prices. It seems that changing diplomatic relations and foreign policy crises are correlated with fluctuations in the price Russia charges for gas, at least when the state has kept embassies running with Russia throughout the entire time period studied. Russian diplomatic relations do not have statistically significant effects on the price it charges its post-Soviet customers for gas. This finding shows the importance of contemplation of friendly relations with the West. For the diplomatic variables, Azerbaijan, Georgia and Ukraine have recalled their ambassadors from Moscow within the timeframe of this analysis, and it seems that this variable is a proxy when it comes to the price they pay for Russian natural gas. Belarus, Armenia, and the Baltic States have all kept full diplomatic relations, thus this factor has not affected or lowered the price these states pay for their heat for the winter months. Russian energy coercion, therefore, is at play in the diplomatic realm of its energy policy.

TABLE XXIX: RUSSIAN ECONOMIC STATECRAFT WITH NATURAL GAS PRICES ($ PER MCM)

	Coefficient	z-score
Russia ties	0.110	1.30
Post-Soviet ties	-0.453***	-5.61
Western ties	0.094*	2.01
MID	-0.056	-0.92
Europe	Omitted	-
Caucasus	-0.240**	-3.15
Central Asia	-0.743	-0.17
Pipeline	-0.451***	-6.22
Ethnic Russian	0.133*	1.90
Constant	-0.082	-1.50

p < 0.001*, p < 0.01**, p< 0.05***
Source: IMF (2013), UN Comtrade (2013), Henderson et. al. (2013)
N = 1206

Belarus and Kazakhstan are authoritarian states who have remained loyal and obedient to the Putin and Medvedev administrations since their rise to power in 2000. Belarus has enjoyed low gas prices throughout the period of this analysis. Belarus also enjoys close trading relations with Russia, as Russia buys up many of Belarus's surplus agricultural products in exchange for cheap gas prices as well as unabated transport of Russian gas to European markets. Similarly, Kazakhstan enjoys a good and cost-effective relationship with Gazprom and Russian leadership. Kazakhstan has its own endowments of natural gas, yet needs Russian pipelines to transport to foreign markets. These transport fees have remained relatively low compared to states that have closer ties to the West, and Gazprom is now buying natural gas from the obedient Central Asian region at near market prices. Remaining in Moscow's good graces has its rewards in high price purchases and low transport fees. Kazakhstan's relations with the West are not necessarily problematic; rather this country has been very successful at keeping an impressive balance of good relations between the West, Russia, as well as China (Nygren 2008). The latter country and Kazakhstan have been talking long-term relationship and a Kazakh-Chinese pipeline via the Central Asian-China pipeline expansion. (Nygren 2008). Yet the hypothesis that closer diplomatic ties to Russia for post-Soviet states will lead to lower prices on Russian natural gas fails to be falsified. I find the opposite trend in prices for states that have integrated or are attempting to integrate with the West.

The hypothesis that countries will pay more for natural gas if aligned more with the West also fails to be falsified. The assertion that closer diplomatic ties to the West will lead to higher prices for natural gas for countries of post-Soviet space, as evidenced in the previous chapter, finds statistical significance in this random effects panel regression analysis. The 'Western ties' variable shows positive and statistical significance at the 95 percent confidence level with Russian gas prices. Georgia, Azerbaijan, and Ukraine have all broken off diplomatic relations with Russia at points in time of the dataset and sought protection via investment, military training and hardware, or diplomacy with the United States, thus all have sought cosier relations with the West as a result. This shows evidence that when relations are broken off, post-Soviet states look to U.S. and Western help, and therefore pay more for Russian natural gas as a result.

Militarized disputes between Russia and states of the former Soviet Union do not have significant effects on the fluctuations in natural gas prices. This falsifies the second hypothesis of this chapter. The armed conflict between Russia and Georgia and the subsequent higher prices Georgia had to pay was not a result of the conflict itself, but of Georgia's cutting off diplomatic relations with Russia and recalling its ambassador after the conflict. As the 'Western ties' and the 'Post-Soviet' variables are statistically significant, when diplomatic rows happen between Russia and a state, these states seek diplomatic, economic, and even military refuge with West. Russia will then raise the natural gas prices for these countries for this insubordination. Therefore, I have failed to falsify that Russia uses coercive energy policy in the post-Soviet space and have evidence that Russian and other states of the FSU's foreign policies affect the price of subsidized gas.

Moving on to the control variables, the 'Pipeline' variable is found to have negative statistical significance. This indicates that being a transport country for Russian gas or being endowed with one's own supply plays a significant factor when deciding how much a country will pay for natural gas. Belarus, Ukraine, Azerbaijan, and Uzbekistan are examples. These states are also able to push back against Russian energy coercion by demanding lower gas prices for their populations in exchange for lower pipeline transit fees. Gas crises with Ukraine and

Belarus, discussed in earlier sections of this chapter, have been Russia's response. These tactics of demanding lower prices by the pipeline post-Soviet states have seemed to work, as evidenced by the results in TABLE XXIX. Russia is countering this leverage that pipeline states have used against it by offering lower prices for increased control over the Near Abroad state's pipeline infrastructure, which has been coined the assets-for-debts program (Nygren 2008, Henderson et. al. 2012). This gradually takes the leverage away from these transit states and may result in more coercion via a subsidized pricing scheme when these states get out of line in Moscow's view.

Russia and Gazprom have also begun to take away the leverage of transit states by building pipelines that circumvent their territories altogether. This takes any leverage transit states may have on Russia way at once. The Nordstream pipeline is now operational and circumvents Belarusian and Polish territory, reducing Gazprom's reliance on those transit states. The South Stream pipeline is expected to be operational by 2018 and will circumvent Ukrainian territory, which is now Gazprom's most important transit state to European customers. Russian energy coercion is now evident in new forms. This will be discussed in the concluding chapter.

The 'Ethnic Russian' variable is positive and statistically significant at the 95 percent confidence level. This is because of the perceived mistreatment Moscow has on some states of post-Soviet space's treatment of these Russian ethnic minorities. Examples are replete: the ethnicity laws in Estonia in the 1990s, the ethic divide between eastern and western Ukraine, the frozen conflict between the central Georgian government and the ethic Russian Abkhazians and Ossetians, and the status of the Russian-speaking Transdniesters in Moldova. Russia has increased the natural gas prices these governments pay in reaction to the domestic policies of these states over the status of ethnic Russians. Russia is trying to rein these states in for these policies with the power it has, the power of energy.

The final control variables that show statistical significance are the regional ones, where the European variable is dropped by the statistical software so that regions have a basis for comparison. Only the Caucasus coefficient is significant, where this region sees lower prices relative to the European region of post-Soviet space. This is not surprising due to Azerbaijan's own supply and the fact that Baku now supplies Georgia with most of Tbilisi's gas needs; at a discount price compared to what Russia was charging. Armenia is the Caucasus state that is not salient to Russia, as it is relatively Russia-friendly compared to other post-Soviet states; and therefore continuously receives, below market, subsidized natural gas prices from Gazprom. As there is evidence for regional salience for Russia and the three regions of the former Soviet Union presented in Chapter 4, the quantitative analysis of this chapter also finds evidence for regional differences. Next I examine the results of the fixed effects panel regression, which shows the individual effects of each post-Soviet state when it comes to natural gas pricing, where who you are matters when Russia decides how much to charge.

TABLE XXX shows the results of my fixed effects panel regression model, which controls for the individual effects of each dyad on the independent variable, analyze the impact of variables varying over time, and controls for the differing effects each characteristic of each dyad may have, and error terms for each dyad are considered different and not correlated with other dyads. Each dyad is therefore treated as a dummy variable so I can see these individual effects. As with the random effects model, the fixed effects model in TABLE XXX shows negative statistical significance with the 'Post-Soviet ties' variable. States that stay in touch with Moscow diplomatically pay significantly less than states that break off relations with Russia and seek diplomatic, economic, or military shelter with the United States and the West. The 'Western ties' variable loses its significance in this model. Finally, as shown in the previous model, the 'Russian ties' and 'MID' impact factors are not statistically significant.

TABLE XXX: RUSSIAN ECONOMIC STATECRAFT WITH NATURAL GAS PRICES ($ PER MCM) WITH DYADIC DUMMIES

	Coefficient	t-score
Russia ties	0.141	1.18
Post-Soviet ties	-0.485***	-3.76
Western ties	0.066	1.32
MID	0.214	1.61
Estonia	1.370***	5.38
Latvia	0.354	1.78
Lithuania	0.501**	2.68
Ukraine	-0.284*	-1.82
Belarus	0.172	0.64
Moldova	Omitted	-
Armenia	Dropped	-
Georgia	-0.050	-0.27
Azerbaijan	-1.195**	-3.03
Turkmenistan	-0.042	-0.14
Uzbekistan	-0.142	-0.47
Kazakhstan	0.202	0.71
Constant	-0.056	-0.43

p < 0.001*, p < 0.01**, p< 0.05***
Source: IMF (2013), UN Comtrade (2013), Henderson et. al. (2013)
N = 1206

Moving on the dyadic dummy variables, TABLE XXX shows that it does matter who you are when it comes to Russian natural gas prices. The omitted dyad, Moldova-Russia, is the basis of comparison for the rest of the dyads in the table. Therefore, any positive or significance is in relation to Moldovan prices, which serves as a basis of comparison. Armenia is dropped by the statistical software due to covariation with one of the other dyads. The Baltic states of Estonia and Lithuania all pay significantly more than Moldova, most likely because of their pro-

Western orientation. Economic statecraft by Russia has been acutely felt by Estonia outside of natural gas with oil, even though it is under the economic and military protection of the EU and NATO, respectively. On May 2, 2007, Russia's state railway monopoly stopped all shipments of oil and coal to Estonia in the midst of political fallout between Estonia and Moscow over the relocation of a Soviet war memorial statue from a square in Tallinn (Woehrel 2009). Along with a series of cyber attacks that happened simultaneously, it seems that Moscow is easily offended, especially by those with a pro-Western orientation.

The Belarusian dyadic variable is not statistically significant. However, the Russia-Ukraine dyad shows negative statistical significance for this fixed effects model. Covered in detail earlier in this chapter, Ukraine's prices have fluctuated over the years, and this may be due to its importance to Moscow as the primary transport country. Furthermore, Ukraine has seen pro-Western as well as pro-Russian governments during this period, which could also explain the fluctuations in prices. For example, after pro-Western President Viktor Yushchenko took office in 2005, Gazprom demanded a sharp increase in the price of natural gas that Ukraine received (Ziegler 2009). Gazprom, and for all intents and purposes the Russian government, demanded an increase for its natural gas from $50 per mcm to $230 mcm, which was the current market price. Ukraine rejected this proposal, and Russia cut off natural gas supplies to Ukraine on December 30, 2006. Thus began the Russo-Ukrainian gas crisis of 2006, which came to an end when Gazprom and Kiev met half way, with Ukraine paying more for gas and Gazprom agreeing to continue to pay transport fees, albeit at a discounted price. Also covered in detail in the earlier parts of this chapter, another example of coercive energy policy lies with Moldova, which has suffered higher energy prices even when making concessions to Moscow. Moldova's desire for Western integration has made compliance moot in the eyes of Gazprom and the Russia state.

The Russia-Georgia dyads do not show statistical significance. This is surprising due to the high level of attention and conflict this country has been receiving by Russia and the international community. Something else besides energy concerns is driving the tensions with Georgia and Russia. Furthermore, Azerbaijan pays less than Moldova, primarily because it has its own supply of gas and has been able to diversify its supply outside of Russian, post-Soviet, and European markets. The gas Azerbaijan buys from Russia for transport south, therefore, is at a discount price where the Azerbaijanis have been able to coerce the Russians with energy; something not seen by any other post-Soviet state. Azerbaijan's increasing coziness to the United States means that it will be a thorn in Russia's side for the foreseeable future. Finally, the three Central Asian states in the model show statistical insignificance with Russian natural gas prices.

These panel regression analyses show that closer diplomatic ties with Russia will lead to lower natural gas prices for a former Soviet state, while breaking these diplomatic ties and seeking cozier relations with the West will be punished with higher natural gas prices. Militarized disputes are not explanatory factors for both the random effects model and the fixed effects model. Russia has yet to give up on regaining its former Soviet glory, and will use the power it has at its disposal to punish any defecting post-Soviet states that stand in its way from gaining the monopolistic political control in the region it sees as necessary to be viewed as a great power at home, as well as by the global community (Feklyunina 2012). As Russia is not the military and ideological superpower it once was, energy endowment has become a primary tool for post-Soviet Russian influence and the post-Cold War Russian "bully pulpit." With the completion of the Nordstream pipeline and the construction of the South Stream pipeline well under way, Russia will be able to circumvent Ukraine and Belarus, the most important Russian gas transport countries, effectively taking away any leverage these states may have on Moscow.

This could bring Ukraine, which has been vying for pro-Western support, firmly under Moscow's grasp. Indeed, Russia has announced that it will begin to charge its former empire as well as some domestic sectors closer to market prices under the guise of meeting requirements for WTO membership.

G. CONCLUSIONS

Gazprom has a peculiar pricing system in post-Soviet space when it comes to natural gas. This is not because it gives subsidies to its domestic customers, something that is common in many energy-rich states. Pricing does not fluctuate due to selling off gas supplies to Europe and other foreign customers at market prices. Russia seems to punish countries of its former Soviet empire that become diplomatically distant from Moscow, as well as closer ties to the West, with higher gas prices. Having pipelines needed to transport Russian gas seems to be working for these post-Soviet states thus far, although Russia is being coercive in other aspects of energy policy; primarily through the construction of circumventing pipelines and the assets-for-debts programs, where Gazprom gives discounts to states that sell it majority shares in their pipeline infrastructures.

Russia has attained WTO membership status as of 2012 and its days of freedom to implement subsidized post-Soviet and domestic prices may be numbered. It has ignored the Energy Charter Treaty agreements of which it is a signatory, as the Putin Administration sees this agreement as one-sided, where the West will come in and profit off of Russian energy holdings, and Russia gets nothing in return (Nygren 2008). Putin believes that Russians are fully capable of investing in and exploring for its own energy resources without Western help. For Putin, keeping the West out of Russia's affairs is one of his top priorities, as demonstrated in the findings of this chapter.

Russia demonstrates its coercive power through the use of energy power politics against states with close ties to the West. The Nordstream and South Stream pipelines will ensure Gazprom will have a sizable stake in the EU market for years to come. These pipelines will also eliminate the dependence of Moscow on its former vassal states for transit, thus allowing Russia to retain the political dominance of the region. Gazprom's revenues continue to increase as a result, as these countries will have to pay market prices. If they do not, Moscow will cut off supplies, which they have in the past, or force these gas-dependent states into making beneficial concessions for Gazprom. This could include the installation of pro-Russian puppet governments, the forced ascension to anti-Western alliances, and pro-Moscow votes in international organizations such as the UN. The question that remains is what is the outcome of these policies? I attempt to answer this question with the empirical findings of the next chapter.

The Moldova example of Russian coercive energy policy shows that Russia, more times than not, is getting the opposite results of what the goals of its policy intend. Moldova has sold off its pipeline shares to Gazprom, agreed to pay more for gas than it can afford, lost its trade markets with Russia, allowed for Russian dominance of the Transdniester region, and has yet to succumb to economic and political dominance by Putin's government. Instead, Moldova has turned to the West. It has secured a much needed grant for investment and is close to a free trade agreement with the EU.

Ukrainian attempts at Western integration have also been met with a coercive energy policy from Russia in the form of mid-winter gas shutoffs. This brought a reluctant Ukraine to the negotiating table where transport and domestic gas prices were negotiated to Russia's advantage. The more recent 2009 shutoff occurred during the presidency of seemingly pro-Russian Yankuyvich; and it seems that this coercive energy tactic has shifted the previously pro-

Putin government toward more cooperation with the EU and the West. Therefore, these forms of energy coercion are having the opposite effects.

I infer from the findings of this chapter that the more Russia utilizes coercive energy diplomacy against a post-Soviet country, the more that state slips from Russia's sphere of influence and toward the influence of the West. Yet Russia continues to use these tactics, now more through pipeline diversions than over direct pricing schemes. States that break diplomatic closeness with Russia and move more towards the West are punished with tough pricing policies. States close to Russian influence still are punished and then move towards the West. Either course of action, as long as Russia uses coercive diplomacy in the energy sector, pushes states away from Russia. However, as Tsygankov (2010) proposes, Russia *needs* to view itself and have others view it as a great power. As it does not have the military might it once had, it is using the power it does have, the power of energy, to dominate post-Soviet space and be satisfied with itself as a world power. The partially explained reasoning behind Russia's coercive energy policy in this chapter can perhaps be fully explained by Russia's identity issues. The next chapter builds upon the evidence of this one and employs an events data analysis to see how post-Soviet countries are reacting to Russian coercive energy policy.

VI. DOES RUSSIAN COERCIVE ENERGY POLICY WORK? A QUANTITATIVE ANALYSIS USING EVENTS DATA

A. INTRODUCTION ECONOMIC STATECRAFT AND FOREIGN POLICY RESPONSES

The research of this dissertation thus far has presented an issue-based theory of coercive energy policy that has answered the questions as to what factors contribute to Russian actions in post-Soviet space over the issues of natural gas. This chapter builds upon the previous two empirical chapters to answer this question about Russian coercive energy policy: does it work? We now know that high salience, the presence of rivalry, unanimous public opinion on energy issues, and important traits for Russian great power identity all contribute to a higher probability that Russia will use coercive energy tactics against the post-Soviet states of its former empire. The purpose of this chapter is to uncover evidence and examine whether or not this coercive policy is getting these states to alter their foreign policy behavior. Are states coerced by Russia giving in and moving closer to Moscow's political orbit; or are these tactics backfiring in that states are moving closer to the protection of the West? The methods used in this chapter will uncover evidence for the latter.

As discussed in Chapter 2, there is no agreed upon method to study economic sanctions against countries. Martin (1992) looks at the difficulties in getting multiple states to target a state economically, where coercing the would-be states to coerce in the first place can be a challenge. Hufbauer, Schott, and Elliot (1990), Pape (1997, 1998), Morgan, Bapat, and Krustev (2009), and Bapat and Morgan (2009) look at whether or not economic sanctions imposed on states get states to change their behavior in accordance with the sanctioning state(s). Raw power definitions, or one state getting another to do something they otherwise would not do (Wilson 2008), are the guiding forces behind these research projects. Baldwin (1985) uses a different approach for his study of economic statecraft. Baldwin finds that the motives behind economic statecraft can be rooted in material power and coercion in order to get the target in line with the sanctioning state; but they can also be rooted in the sanctioning state's motives to look benevolent, maintain a reputation, and garner more support against the target. This chapter takes a different approach and quantitatively examines the effects of Russian gas pricing on conflict-cooperation scores of events data.

Martin (1992) concentrates on the effectiveness of multilateral coercive economic sanctions. Her focus is trying to get multiple states on board to collectively coerce a target state economically so that it changes its behavior, and the difficulties of this procedure. Many times the more powerful sanctioning states must coerce their would-be sanctioning partners in order to have a coalition of economic sanctioning against the proposed target. Using game theoretical models, she finds that multilateral sanctions are able to be implemented best through international institutions, with the costs of deciding to join the sanctioning coalition offset with the notion of looking credible. The bandwagoning effect is therefore found to have causal properties in her analysis. Martin acknowledges, however, that her study lacks in empirical testing and therefore the outcomes of these multilateral sanctions against targets and whether or not they are effective is not focused upon. My analysis asks a simple question: are the tactics of Russian coercive policy working; are they bringing the state of the former Soviet Union back into Russia's political, economic, and military sphere of influence?

Hufbauer, Schott, and Elliot (1990, hereafter HSE) look at economic sanctioning from the years 1914-2000.[17] They use a qualitative, case study approach to uncover the effects of economic sanctioning on the international level. Noted in Chapter 3 (TABLE VII), there may be domestic motivations behind the use of economic sanctions for states. However, HSE do not

[17] The HSE dataset has been updated since the 1990 release of the book.

include this motivation in their analysis, rather their main focus is whether or not the sanctions are successful; that is, are they changing the behavior of the target state in any way, or are they reducing the capabilities of that state in a way the initiator intended? Unfortunately, the operationalization of this dependent variable is difficult to replicate, as the qualitative research design leaves the interpretation of whether or not these sanctions are effective open to interpretation. Are they successful in that they have harnessed public support in the initiating state? Are they failures because it has made the target state more emboldened and defiant? How much behavioral change is needed to code the sanctions as a success? How to you measure state capabilities in a uniform and quantifiable manner? In other words, success or failure of economic sanctions by states is decided from the perspective of the researcher(s). My methods in this chapter are an attempt to quantify the qualitative approach of HSE. Overall, HSE find that unilateral economic sanctioning is more effective than multilateral sanctioning, mainly because of the ease of implementation of the sanctions by one state as opposed to multiple. This is important as Russia is acting unilaterally in it energy coercion of post-Soviet states.

Pape (1997, 1998) debates the empirical validity of the findings of HSE. He asserts that the successes and failures reported in HSE's work do not tell the whole story. He argues that it is the military component of the international campaign; the use of force or the threat of the use of force, which is the deciding factor when economic sanctions are employed against the target state. This approach is more of a realist versus liberal debate in that material power is more effective than economic power, and it is the material power of states that is the deciding factor when it comes to changing behavior of targets of economic sanctions. Although some of Pape's assertions of some of the cases of HSE have merit, his methodology suffers from the same pitfalls as HSE's. The success and failures that Pape judges are just that: judgments. Pape's realist approach is not replicable or quantifiable in any way and makes the results of his analysis just as suspect as those of HSE's.

Morgan, Bapat, and Krustev (2009) and Bapat and Morgan (2009) have created a new dataset on economic sanctions; similar to but also different from the HSE dataset. Their Threat and Imposition of Economic Sanctions (TIES) dataset covers more cases than HSE, 880 compared to 204, yet also covers a much smaller time period, the years 1971-2000 compared to 1914-2000 for HSE. As with HSE, their dependent variables suffer from endogeneity, where the operationalization of whether or not these sanctions work is a matter or researcher interpretation. Furthermore, they find with their dataset that it is multilateral sanctioning, or the participation of multiple states on the sanctioning side, are more successful than unilateral sanctioning, which is a key finding of the HSE method. Clearly the consensus on how to measure the success and failures of economic sanctions is lacking, and I attempt to bridge this gap by bringing in exogenous data for the dependent variable, the conflict-cooperation scores of weekly events data, and use Russian coercive energy policy as the case example. This will be discussed after an examination of Baldwin's (1985) work on economic statecraft.

Baldwin (1985) and his theory of economic statecraft takes a different approach to the examination of success and failure of these tactics. Coercion and raw power that attempt to get one state or groups of states to get another state to do something that it would otherwise not do is only part of the story, according to Baldwin. According to Pape (1997: 97), success requires that the target capitulate "to a significant part of the coercer's demands." This abstract definition of success is what has plagued economic statecraft research in terms of endogenous methodological problems and lack of consensus among scholars who study this topic of international relations. Baldwin argues that a more in-depth cost-benefit analysis is required to get the whole picture of whether or not specific economic statecraft cases are successes or failures. Some states, Baldwin argues, use economic sanctions because they are perceived as not too aggressive and at the same time not to soft of a foreign policy response to a state that is perceived as misbehaving in some way that is contrary to international rules or norms.

Recalling the U.S.-Soviet grain embargo discussed in Chapter 2, the United States stopped selling grain to the Soviet Union because of its invasion of Afghanistan in 1979. The U.S. would be perceived as too belligerent if it responded militarily, possibly igniting World War III in the process. It would be perceived too soft had it merely announced to the world that what the USSR was doing was wrong, but then go no further. Therefore, Baldwin argues, success and failure can be measured in more than mere coercion and power considerations where the sanctioning side gets the targeted side to capitulate to its demands. Although the Soviet Union did not withdraw from Afghanistan as a result of the grain embargo, the United States was seen to be in the right by the international community in its condemnation of the Soviet invasion. The costs of the embargo for American farmers and therefore the American economy were great; yet the Baldwin methodology ranks this act by the U.S. government as a successful act of economic sanctions. For Russia, the use of coercive energy policy is to project itself as a great power to itself and other great powers. However, as with the other methods of measuring success and failures, Baldwin's approach also suffers from methodological replication issues. Quantifying dependent variables using Baldwin's requirements would be daunting. I offer a new, exogenous, quantifiable, and replicable dependent variable in events data, which could open new doors in economic statecraft research. Russian coercive energy policy is the case under examination for this new methodology.

If the goal of economic statecraft research is to measure success or failures of the tools of this type of policy utilized by states, then why not look at the foreign policy reactions by the targeted states? How can we quantify and get an interval measurement of these foreign policy reactions? The answer lies in a type of data that is being revived after a long hiatus from international relations scholarship: events data. Due to technological and coding limitations of the 1970s and 1980s, events data was not a reliable and replicable tool that could be utilized with confidence by scholars. Today these limitations have been overcome by technological and coding advancements. More on the evolution of events data is discussed in the next section.

Events data ranks the foreign policy interactions between states on a scale of conflict and cooperation. The most conflictual event, a military engagement, is given the lowest possible negative score. The most cooperative event, a state merger, is given the highest possible positive score (Goldstein 1992). Most events lie somewhere in between these extremes. I hypothesize that these scores can be operationalized as dependent variables for economic statecraft research. The tool of economic sanctioning by states, in this chapter's case the fluctuation of Russian natural gas prices for post-Soviet space, can be time-lagged and measured against the foreign policy interactions between sanctioner and sanctionee to quantify the outcomes of the effectiveness of economic foreign policy coercion. If a sanctioned state is to capitulate to the sanctioning state, I would expect positive and cooperative events data scores to be the result. If the sanctioned state is to remain defiant against the sanctioning state, I would expect to find either negative or no statistical significance to be the result, and therefore the economic sanctioning could be deemed a failure. I argue here that using this more exogenous dataset in economic statecraft research can help reduce the endogenous issues that previous research has been plagued with, as well as uncover quantifiable measurements of effectiveness of these types of foreign policy tools. I find that the hypothesis presented below to have empirical support in this chapter.

Fluctuations in Russian natural gas prices will be the independent variables, with the conflict-cooperation scores (Goldstein 1992) serving as the dependent variables. Panel data regressions, both random and fixed effects models, for each dyad will be employed. I hypothesize that when the price of natural gas is raised for a post-Soviet state, conflicting foreign policy relations will follow. This leads to the hypothesis of this chapter.

H7: Russian coercive energy policy and tactics are not effective in changing behavior of states; as the effect of rising prices makes it less likely for coercive energy policy to be effective, and a rise in natural gas pricing from Russia will lead to more conflictual foreign policy responses from post-Soviet governments.

In other words, Russian coercive energy policy is not effective in that the sanctioned states will behave the opposite of what the Russian state intends. The logic behind this hypothesis is that when a state is sanctioned with natural gas coercion by the more powerful Russia, it will respond to Russia's actions in some fashion. If the state reacts negatively, it means that it has not heeded to Russia's wishes in that it has capitulated to pressure of the coercive energy tactic. If the state reacts with the result in a positive coefficient in these analyses, there is evidence that the state is willing to come to the bargaining table with the Russian foreign policy elite. As the scholars on economic statecraft discussed in this section are looking for a specific foreign policy response for each case of economic statecraft, the methodology of this chapter takes a different approach. Although there may be drawbacks to this method in that specific focuses on each case are sacrificed, generalizability about Russia's energy tactics in post-Soviet space is the main contribution to these types of quantitative analyses. The remainder of this chapter is structured as follows: first an overview of events data and how it has been used in international relations scholarship, as well as how its use can open new doors in economic statecraft scholarship. Next will be a research design section that will introduce the type of quantitative analyses for uncovering whether or not Russian coercive energy policy works. The data analysis section will discuss the results of the quantitative analysis as well as discuss how Russian coercive energy policy has led to less international support for its actions in post-Soviet space. A concluding section will assess the findings and discuss avenues for future economic statecraft studies.

B. THE EVENTS DATA METHOD AND HISTORY

Events data and its development were intended to measure the relationship between conflict and cooperation between states. Due to technological limitations, human coding error, and source choices, however, the datasets never really continued in mainstream international relations quantitative studies after the early 1980s. Perhaps the two most well-known events dataset for international relations scholarship are COPDAB (Conflict and Peace Data Bank) and WEIS (World Events Interaction Survey). McClelland is the exemplar to the WEIS events dataset, the primary competitor to Azar's COPDAB. This set covers a small time period (1966-1978), uses only the *New York Times* as a source, and has 63 nominal categories in contrast to COPDAB's 15 ordinal categories.

Azar completed his COPDAB (Conflict and Peace Data Bank) in 1980, which is an exhaustive events data set from January 1, 1948 to December 31, 1978. It has nearly 500,000 events recorded from looking at over 70 sources. There are 15 ordinal categories ranked from war to state merging. Contemporary datasets only look at specific problems (war) and deemphasize the search for general theories of international behavior. Using behavior that promotes conflict as well as cooperation will help give us a fuller understanding of why states go to war or fully cooperate. Azar also is very descriptive about what he expects from events data and how scholars should use them. Conceptually, an event is: Any overt input and/or output of the type “who does what to and/or with whom and when,” which may have ramifications for the behavior of an international actor or actors. Operationally, an event is: Any overt input and/or output of the type “who does what to and/or with whom and when,” which may have ramifications for the behavior of an international actor or actors and which is recorded at least once in any publicly available source.

The biggest problem that stunted the growth in usage of events data was the fact that scholars had trouble finding overlap between COPDAB and WEIS (Vincent 1983, Ruevney and Kang 1996). If COPDAB and WEIS were essentially trying to document the same events, and were failing at this task, how could scholars say with confidence that their results are empirically sound? Howell (1983) tests the compatibility of COPDAB and WEIS by studying the overlapping time periods of the datasets and looks at the US-Soviet dyad. He finds that directional change is in disagreement 29 percent of the time. This finding casts doubt on the reliability of events data that could lead to falsifiable theories and to unsound policy recommendations.

Goldstein (1992) makes a breakthrough in the utility of events data research. Goldstein creates an interval-based conflict cooperation scales out of the 63 nominal events in WEIS. As COPDAB’s analysis ended with 1978, over the years it has been used more sparsely. WEIS has been continued into the 1980s and, according to Goldstein, the fact that WIES has 63 event types as well as verb-based actions, making WEIS interval could uncover some good findings. Although WEIS is only dependent on the *New York Times* and is possibly biased because of this, Goldstein’s work has been widely used in future datasets. King’s Integrated Data for Events

Analysis (IDEA) translates his code into Goldstein's, which shows the resilience of an interval-based scaling for events data. The Global Events Data System (GEDS) is the continuation of COPDAB beginning in 1990, but it still uses the conflict and cooperation scale of the outdated dataset, of which Goldstein has argued, is inferior to a more comprehensive interval scale based on WEIS coding. Therefore, Goldstein has brought events data back from the brink. Goldstein uses a -10 to 10 intensity scale (decimals are used, which takes the ordinal out and makes it interval). -10 is the lowest attainable score which equates to full cooperation, while 10 is the highest attainable score for dyads and equates to full-scale war. Scores for this analysis will fall in between these extremes.

Therefore, the past limitations of COPDAB and WEIS have had trouble lining up and producing the same data. Collecting all of this data also required legions of graduate students who were subject to fatigue and human error. The costs of these laborious tasks were also mounting, and as more specialized datasets that studied exclusively conflict began to surface, events datasets and their usage as well as their funding began to wane. It is the IDEA project by Gary King where the future success of events datasets lies.

King and Lowe's (2003) IDEA uses *Reuters* and the Virtual Reader's Associates (VRA) computer software that combs the data from *Reuter's* newswire, which uses sources from all around the world and is not reliant on human coders. Ten million events are produced from the period of 1990 to 2004; a much bigger dataset than its predecessors. We get a uniform coding method that plagued reliability sources of both COPDAB and WEIS and reduces bias produced by WEIS which is reliant only on the *New York Times* and the Middle East bias of COPDAB, which was a product of the interests of the creator (Azar 1972). Now we have a reliable events data source and can now uncover the conflict and cooperation interactions with less uncertainty about the dataset being used. However, IDEA uses nominal coding variables, which was a problem for WEIS. King, however, translates these variables into intervals by utilizing Goldstein's (1992) interval scale so that we can study interactions among states.

The events dataset of this chapter employs the VRA software to complete an events dataset for conflict-cooperation dynamics between Russia and each state of the former Soviet Union, where data is available, for the time period 2000-2011. Each event is coded according to Goldstein's -10 to 10 interval scale. These scores will then be measured against the price changes Russia implements on these states to see if the means lead to the ends in that coercive energy tactics lead to changes in state behavior to Moscow's liking, or if they have the opposite effect on the foreign relations between Russia and the states under analysis. I now move on to the research design for the quantitative analysis of this chapter.

C. RESEARCH DESIGN

The unit of analysis for the research of this chapter is dyadic week for Russia and each state of post-Soviet space. The events dataset provides natural gas prices Russia charges each post-Soviet state each week for the years 2000-2011, and is lagged one week before the corresponding dependent variable. Pricing data, as in Chapter 5, is compiled from various sources that include the IMF, the Oxford Energy Research Institute, and UN Comtrade. The standard unit is U.S. dollars per million cubic meters ($/MCM). Furthermore, for reasons explained in the previous chapter, the Central Asian states of Tajikistan and Kyrgyzstan are not included in the analysis. Each events data variable is coded the weekly cumulative Goldstein score of both conflictual and cooperative events. Therefore, the independent variables happen before the dependent variables, and are able to explain the dependent variables and capture the effects of the relations between Russia and each post-Soviet state to see if Russian coercive energy policy achieves the ends Russia desires.

The more negative cumulative weekly Goldstein score independent variables that follow a change in the price for natural gas will translate into these states not responding in a positive fashion to these coercive tactics by the Russian state. The more positive weekly independent variables that follow a change in the price for natural gas, the more cooperative that state is with Russia following a change in the price of natural gas. As with the previous chapter, both random and fixed effects panel regressions are used. Random effects control for the effects of each dyad on the dependent variable, while fixed effects control for the differences between dyads on the independent variable, as well as treat each pair of states as a dummy variable so that each dyad is measured against the dependent variable while controlling for the others.

Control variables will be the same ones used in the previous chapter. These include the pipeline variable, which looks at whether or not the Near Abroad state serves as a courier for Russia's natural gas to other markets, as well as countries that export their own natural gas supplies to Russian pipelines. This variable is coded "1" if it serves as a courier for Russian natural gas, "0" otherwise. The regional control variables of former-Soviet Europe, the Caucasus, and Central Asia are added to control for the different effects of each region of post-Soviet space. Lastly, the number of Russians living in a Near Abroad state is the final control variable. This variable is coded as "1" if the Near Abroad country has at least 15 percent of its population endowed with ethnic Russians, "0" otherwise. These variables are only used in the random-effects model, as the fixed effects model has dyadic controls. The next section presents the results of the data analysis.

D. DATA ANALYSIS AND ASSESSMENT

TABLE XXXI and XXXII show the results of the random effects model panel regressions. TABLE XXXI presents the results of the basic model where the independent variable of lagged weekly natural gas prices is measured solely against the dependent variable of the weekly cumulative Goldstein conflict-cooperation scores. With over 2500 data points and each lagged time period controlling for the next, as is the norm for panel regression techniques, I wanted to uncover the price-only effects of conflict-cooperation dynamics between states. The 'Gas Price' variable shows negative statistical significance at the 95 percent confidence level. Overall, an increase in natural gas prices by Russia lead to negative, more conflictual reactions by the post-Soviet states. Therefore, I fail to falsify the hypothesis of this chapter with the model presented in TABLE XXXI. States do not come closer to the Russian sphere of influence and political, economic or security umbrella of Moscow when coerced with higher natural gas prices.

TABLE XXXI: CONFLICT-COOPERATION EFFECTS OF RUSSIAN NATURAL GAS PRICING ($ PER MCM), NO CONTROL VARIABLES

	Coefficient	**z-score**
Gas Price	-0.004*	-1.72
Constant	1.375**	2.69

p < 0.001*, p < 0.01**, p< 0.05***

Source: IMF (2013), UN Comtrade (2013), Henderson et. al. (2013)

N = 2535

The results in TABLE XXXI also fail to falsify the hypothesis in this chapter in that Russian coercive energy policy is not working; that is, the means, an increase in natural gas prices because of a post-Soviet state's political movement toward the West, are not leading to the desired ends, the reining in of these states back to Moscow's political orbit. Using events data is found to be a very useful tool when examining economic statecraft, where states use economic tools to get other states to do what they otherwise would not. In this case, economic statecraft via coercive energy policy by Russia is not getting the desired ends of the initiating state; Russia, on the target of coercion; each post-Soviet state. This topic will be discussed more in the assessment later in this chapter. Next I present the results of the random effects panel regression with control variables included.

TABLE XXXII shows the results of the random effects model with control variables included. The statistical significance of the main independent variable, change in natural gas prices, goes away. This is because the effects of the regional variables are included, where negative statistical significance lies with the Caucasus region. This is evidence that tensions between Russia and the states of this region are constantly relatively more conflictual than with states of the other two regions. This region has seen more than its fair share of Russian coercion, with Moscow intervening of the sovereign affairs of Georgia with Abkhazia and South Ossetia, and Azerbaijan with the Nagorno-Karabakh dispute with Armenia. Pro-Russian opinions of the peoples of these two states, therefore, have declined significantly since the Soviet Union’s fall. Any act of attempted coercion by Russia, whether energy, diplomatic, or military, is therefore expected from these two countries. Furthermore, the alignment of these two countries with the United States has perhaps given them the confidence to stand up to Russia from time to time over the 2000-2011 period of analysis. Azerbaijan has allowed American investment into its energy infrastructure, while Georgia has been seeking NATO membership. Russia has responded to the latter with force in 2008, and is building competing pipelines with the Russia-circumventing pipelines that originate in Azerbaijan. These events are among many that help explain the overall negative foreign policy reactions to Russia by Georgia and Azerbaijan, including but not limited to energy issues.

TABLE XXXII: CONFLICT-COOPERATION EFFECTS OF RUSSIAN NATURAL GAS PRICING ($ PER MCM)

	Coefficient	**z-score**
Gas Price	0.001	0.07
Europe	0.330	0.32
Caucasus	-2.721**	-2.26
Central Asia	Omitted	-
Pipeline	3.118***	3.70
Ethnic Russian	-1.052	-1.11
Constant	-0.230	-0.19

p < 0.001*, p < 0.01**, p< 0.05***

Source: IMF (2013), UN Comtrade (2013), Henderson et. al. (2013)

N = 2535

The 'Ethnic Russian' control variable is not statistically significant in this events data random effects model. States with significant populations of ethnic Russians at 15 percent or more, which has been a point of conflict with several post-Soviet states as evidenced in the previous chapter, are not a contributing factor to the conflict-cooperation dynamics with Russian in this chapter's analysis.

However, states that serve as pipeline couriers of Russia's natural gas or sell their gas to Russia to travel to external markets are more cooperative with Moscow relative to other states. This implies that Russian coercive energy policy is working with these states, albeit not with the fluctuation in gas prices. It seems that newer tactics, the assets-for debts tactics and the construction of circumventing pipelines that bypass these courier states are behind these more cooperative foreign policy responses to Russia by these states. Ukraine and Belarus, the two most important transit states for Russia to the coveted European market, have perhaps challenged

Russia one too many times for Moscow's liking. Examined in the previous chapter, Ukraine and even Belarus, the latter considered to be Russia's closest Near Abroad ally, have used their leverage as courier states to get discounted natural gas prices for their populations. The reactions from Russian coercive tactics have been met with souring relations, with Belarus even joining the EU Neighborhood Policy as a result. Ukraine broke off diplomatic relations with Russia for a time after the 2009 dispute, which allows me to fail to falsify the hypothesis of this chapter. With the Nordstream pipeline completed and the South Stream pipeline construction well under way, the dependence on these states for Russia is lessening. Perhaps foreseeing the precarious new relationship, these pipeline states are warming up to the Russian government in order not to undergo and steep price hikes that can no longer be countered with the leverage of being a pipeline courier for Gazprom. The future of Russian coercive energy policy therefore looks different, and will be discussed in the next section. First I examine the results of the fixed effects panel regression, which separates out the effects of each unique dyad in the model.

TABLE XXXIII shows the results of the fixed effects panel regression. The 'Gas Price' independent variable as well as all but one dyadic dummy shows statistical insignificance. The only dyad that is showing negative and statistical significance is the Russia-Georgia pair of states. This means that this dyadic dummy has a separate and significant effect on the independent variable. For this fixed effect panel regression, there is evidence that Georgia, perceived as the most hostile former Soviet state to the Russian public, reacts in a conflictual manner to price hikes in their natural gas from Russia. As Georgia is most likely sensitive to any coercive act of Russian foreign policy, due to Moscow's stance on the separatist regions that led to an interstate conflict between the states.

TABLE XXXIII: CONFLICT-COOPERATION EFFECTS OF RUSSIAN NATURAL GAS PRICING ($ PER MCM) WITH DYADIC DUMMIES

	Coefficient	t-score
Gas Price	0.003	0.95
Estonia	-1.067	-0.56
Latvia	-1.155	-0.60
Lithuania	-1.206	-0.67
Ukraine	2.379	1.43
Belarus	0.238	0.08
Moldova	Omitted	-
Armenia	0.244	0.09
Georgia	-4.913**	-2.85
Azerbaijan	1.318	0.65
Turkmenistan	1.485	0.68
Uzbekistan	0.927	0.39
Kazakhstan	2.575	1.28
Constant	0.414	0.25

p < 0.001*, p < 0.01**, p< 0.05***
Source: IMF (2013), UN Comtrade (2013), Henderson et. al. (2013)
N = 1207

Discussed throughout this research project, Russian and Georgian relations have been tense since the Soviet breakup in 1991. When Georgia declared its independence from the USSR in 1991, so too did the two ethnically Russian enclaves of Abkhazia and South Ossetia. A civil war ensued during the years 1992 and 1993, with a cease-fire brokered by Russia that included the placement of Russian troops in the separatist regions. This conflict remained frozen and stagnant until it heated up again in 2008. During this time of military and sovereign stagnation, Russia and Georgian relations gradually but steadily deteriorated. The 2003 Rose Revolution ushered in a more pro-Western, anti-Russian, and bolder Georgian government that led to a rise in tensions between the governments. In 2006, Russia initiated a trade embargo that banned all imports of Georgian goods, including Georgian wine that was heavily dependent on the Russian market. Furthermore, in 2006 Russia also initiated over a threefold natural gas price hike for Georgia, going from 73 dollars per million cubic meters to 235. This prompted the government in Tbilisi to seek natural gas from other suppliers, and luckily the Azerbaijanis were willing and able to phase out supplies from Russia, with now over 90 percent of natural gas coming from Azerbaijan.

The economic dispute of 2006 saw tensions hit their highest levels since the Soviet breakup. President Mikhail Saakishvili began to make good on his 2003 campaign promise to assert Georgian sovereignty over the Russian-protected separatist enclaves. The Russian economic boycott as well as the steep gas price hike led to a more emboldened and aggressive government in Georgia. Georgia was part of the U.S.-led coalition of the willing that invaded Iraq in 2003; and this was a gesture to the United States that it wanted to align itself with Russia's principal rival, and the U.S. rewarded Georgia for its participation in the internationally unpopular war with economic investment and military hardware. Believing that the country was now within the good graces of the American international hierarchy, the government in Tbilisi began to stand up to Russian actions within its borders. Therefore, the 2006 gas price hike was seen as the last straw. Georgia stood up to Russian coercion, including Russian energy coercion. This came to blows when Saakishvili sent troops to the borders of South Ossetia, and Russia and Georgia fought a five-day conflict where Georgia was soundly defeated. The United States did not come to Georgia's aid except in statements of condemnation of Russian actions. Russia has since placed more troops in the separatist enclaves, and now Georgian sovereignty is more compromised than ever.

The example of Georgian defiance of the natural gas price hike that culminated in an armed conflict in 2008, although tragic for the Georgian government, allows me to fail to falsify the hypothesis that Russian coercive energy policy is not effective, as since the 2008 conflict Georgia has left the CIS, changed its energy supplier in Azerbaijan, and has not been brought back in to the Russian geopolitical sphere of influence. Furthermore, the lack of positive statistical significance for the rest of the dyadic pairs also leads me to fail to falsify the hypothesis of this chapter. States do not become more cooperative with Russia after a decline in natural gas prices, indicating that, with the exception of Georgia, Russian energy coercion is not effective in changing states' behavior to Moscow's liking. This is an important finding and, as prefaced in the introduction, demonstrates events data's effectiveness as a new tool to measure the usefulness of economic statecraft.

This use of events data has introduced a new way of measuring the effectiveness of economic sanctioning by one state or group of states against another state. The pioneering work of Martin (1992), Hufbauer, Schott, and Elliott (1990), Pape (1997, 1998), Morgan, Bapat, and Krustev (2009), and Baldwin (1985) have led to this progression in the study of economic sanctioning in international relations research. Positive and statistically significant results would have meant that post-Soviet states would have capitulated to Russian price changes with cooperative foreign policy responses and brought them to the bargaining table where Russian demands of joining the CSTO, SCO, and Eurasian Community would be more than likely. NATO and EU aspirations, as well as the dissolution of GUAM would also more than likely be on the list of Moscow's demands. Negative, and most often no, statistical significance has been found for the random and fixed effects panel regressions of this chapter, indicating that Russian coercive energy policy, at least with the fluctuation in natural gas pricing, is a failure; in that these tactics are not getting the desired ends of the coercive state's intentions. Post-Soviet states are moving away from the idea of Russian regional hegemony and are seeking protection in the institutions of the West.

The findings from this chapter, I argue, makes inroads into the scholarship of international economic statecraft. No major economic statecraft research project has employed events data cooperation-conflict dynamics to uncover whether or not economic sanctions are successes or failures. Generalizability about economic statecraft is the main contribution of the methodology of this chapter. It has found that coercive natural gas policy by Russia in post-Soviet space does not work, as when it raises prices on gas in order for a state to get closer to the Russian government diplomatically, economically, or militarily, there is negative or no statistical significance, implying that sanctioned post-Soviet states are actually moving further from Russian influence and seeking ties elsewhere, primarily with the West. This quantitative method can be replicated for other states and regions to get an overall synopsis of economic statecraft. Coupled with qualitative studies in Chapter 4 and a quantitative study in Chapter 5 about how international and regional actors respond to economic statecraft, my theory of coercive energy policy fails to be falsified with the Russian example through this more nuanced and complete approach. The research of this chapter can be expanded and used in other issues pertaining to economic coercion in the international system.

E. CONCLUSION: THE FUTURE OF RUSSIAN COERCIVE ENERGY POLICY

Russian coercive energy policy in the form of pricing schemes, as presented in the data analysis of this chapter, is not working. It seems that Russia is realizing this and is beginning to employ new tactics in order to maximize revenues for its natural gas exports, while at the same time holding on to hegemonic control of its perceived exclusive sphere of influence in post-

Soviet space. Two newer tactics are beginning to emerge and stand out: the construction of pipelines that circumvent the present pipeline transit states so that their leverage with Russia and Gazprom is significantly reduced; and barter deals with post-Soviet states that rely on Russian natural gas supplies in what are called assets-for-debts programs.

The Gazprom-backed Nordstream and South Stream pipeline projects effectively cut out the “middlemen” of Belarus and Ukraine and their roles as go-betweens for the transport of Russian natural gas to European markets. Nordstream, comprised of two lines, with Line 1 completed in 2011 and Line 2 completed in 2012, is a direct connection under the Baltic Sea between Russia and its best European customer in terms of revenue, Germany (Nordstream 2013). This diverts gas from the original pipeline that went through Belarus and Poland to Germany, reducing Belarus’s leverage against Russia in terms of lower prices for the poor and beleaguered state. Belarus is considered to be Russia’s closest ally in post-Soviet space, yet Russia rewarded this loyalty by taking transit revenues away from the country in order to take away any of its leverage in the energy sphere. Russia still gives Belarus a subsidized natural gas price when compared to other states of the former Soviet Union, but, along with the successful assets-for-debts agreement with Minsk, nothing stands in Gazprom’s way if it wants to raise prices on the Belarusian people.

The South Stream pipeline, slated for completion in 2015, serves two major geopolitical purposes for Russia (South Stream 2013). First, it diverts natural gas from the currently most important pipeline transit state for Russia, Ukraine. Nearly 80 percent of Russian gas headed for Europe travels through Ukrainian territory, and the South Stream pipeline, once completed and operational, will cut this percentage in half (Henderson et. al. 2012). Russia and Ukraine have engaged in two gas disputes, in 2006 and 2009, where gas supplies were cut off in the midst of winter to Ukraine and in turn to many of Gazprom's European customers. The political fallout and international condemnation of Russia for these actions was high, and one reaction by members of the EU dependent on Russian gas for import began seeking investors interested in the diversification of natural gas supplies from Eurasia, mainly Azerbaijan. Wanting to keep its leverage on Ukraine, Russia and Gazprom decided that it would be geopolitically cost-effective to spend billions on the South Stream pipeline that would in turn take Ukraine's leverage away and making Gazprom and Russian natural gas seem more reliable to their European customers.

Second, the South Stream pipeline will effectively take some of the current market share of Azerbaijani gas traversing through the South Caucasus (BTE) pipeline, which was made possible by heavy American and Western investment. As evidenced in Chapter 4 of this research project, the Caucasus region is particularly salient to the Russian state, and Western inroads has led to heavy coercion by Russia on these states, particularly with Azerbaijan and Georgia. It can be argued that the Russo-Georgian conflict of 2008 was waged in part to demonstrate the instability of Georgia and thus its reliability as a territory carrying Azerbaijani gas to European markets. Furthermore, after the unpopular gas disputes between Russia and Ukraine, American and European investors have proposed more Russia circumventing pipelines in projects such as Nabucco, White Stream, and the Trans-Caspian. Since the 2008, conflict, however, investment has stalled and the only new pipeline project since the South Caucasus opened in 2006 to break ground is the Russian-backed South Stream pipeline (Henderson et. al. 2012). Therefore, it seems that this new type of pipeline coercion is working for Russia, as it has stalled the construction of potential competing pipelines and reduced the leverage of Georgia and Azerbaijan as alternative pipeline routes for Western markets. However, in the sense that these tactics are forcing Georgia and Azerbaijan to capitulate and come back into the Russian geopolitical orbit is a topic for future research.

The assets-for-debts programs entail the capitulation of post-Soviet states that owe Russia and Gazprom money for past natural gas fees to relinquish ownership control of their state-run pipeline companies. If a majority share is sold to Gazprom, some of the state's natural gas debt is forgiven and/or a reduction in the natural gas price is agreed upon. This gives some of these states short-term relief to their growing budget deficits, however it gives Russia the long term control over these countries' pipeline systems, which effectively takes away any remaining leverage from these debt-ridden and energy dependent states.

These coercive programs by Russia have been attempted with Ukraine, Moldova, Belarus, and Armenia (Henderson et. al. 2012). For the latter three, they have been implemented. Outside of the Central Asian region, Belarus and Armenia have been two of Russia's closest post-Soviet allies (Nygren 2008). This implies that Russian energy coercion knows no bounds, as even its closest allies, if they owe Russia enough money, fall victim to Russia's control in one way or another. These impoverished states hope that allegiance to Moscow will give them some special privileges, and they do receive less than market prices for their natural gas needs. However, as these states have been having trouble even paying the reduced prices, and the assets-for-debts programs will only alleviate their inability to pay in the short term, it remains to be seen what Russia's next tactic will be to get paid, and whether or not these two states will start looking westward as the next response to further Russian coercion.

Moldova followed the same route as Belarus and Armenia for some time, as the impoverished Eastern European country was attempting to capitulate to Russia via the assets-for-debts for more access to the Russian import market. Remembering Chapter 5, the state-owned

Moldovan pipeline company, Moldovagaz, sold its majority shares to Gazprom with the promise that Moldovan exports could begin infiltrating the Russian markets. This promise was reneged upon, and in response Moldova has moved toward Western economic protection (Aslund 2012). It has received a stimulus from the EU, is now part of the EU Neighborhood Policy, and has expressed interest in following the long road toward EU membership. Russian energy coercion, as hypothesized in Chapter 5, is pushing post-Soviet states towards Western alignments.

At the time of this writing, Ukraine has been able to resist the assets-for-debts proposals by Gazprom and the Russian state. The Ukrainian pipeline system is still majority-owned by a joint Gazprom-Ukrainian venture called RosUkrEnergo (Henderson et. al. 2012). Gazprom has attempted to wrest majority shares of this company, but as of yet to no avail. Ukraine still has leverage over Russia as the most important natural gas transit state; although this leverage will be significantly reduced once the South Stream pipeline is completed. The assets-for-debts option may seem more attractive after this construction is completed. Russia, therefore, has many more coercive energy tools to use on its post-Soviet neighbors.

The methods introduced and employed in this chapter show a new way to measure successes and failures of economic statecraft with fewer problems of endogeneity and researcher interpretations of dependent variable operationalization (Martin 1992, HSE 1990, Pape 1997, 1998, Morgan, Bapat, and Krustev 2009, and Baldwin 1985). Russian energy coercion via changes in natural gas prices, using events data and Goldstein's (1992) conflict-cooperation scores, is found not to be effective when it comes to changing state behavior in post-Soviet space. The changes in natural gas prices Russia employs on its Near Abroad customers either invoke negative significance or no significance on the dependent variable. This allows me to move forward and, once enough data is available, operationalize the pipeline and assets-for-debts forms of coercion can be measured against the events dependent variables. Future research on Russian energy coercion will concentrate on these new methods, where the events data methodology will also be utilized. This will be discussed in the next chapter, a concluding chapter summarizing the main findings of this research project, as well as suggestions for future avenues of research in light of the findings of this dissertation.

VII. CONCLUSION: WHERE DO WE GO FROM HERE?

A. INTRODUCTION: WHAT DO WE KNOW ABOUT RUSSIAN COERCIVE ENERGY POLICY?

The research of this dissertation has contributed to, and expanded upon international relations scholarship in several ways. First, it has shown that the issue-based approach is a progressive theory, as the core concepts have been utilized to expand research on economic statecraft (Mansbach and Vasquez 1981, Hensel 2001). In Chapter 3, the theory of coercive energy has shown that the energy salience of the issues of the three regions of post-Soviet space to Russia have increased the possibility of coercive energy methods by the former superpower. The historical and political importance, something crucial to Russia's great power identity, of the region also contributes to Russia's hardliner approach with many of these states (Feklyunina 2008, 2012, Tsygankov 2006, 2010). The presence of the United States-Russia rivalry over issues the Caucasus region increases the probability of coercive statecraft in regions where there is an American energy presence, whereas a Chinese presence does not increase this probability; and in the Central Asian region, where energy salience is low, is actually allowed by the Russian state. Public opinion about this rivalry, as well as the approval of the Russian government's use of coercive energy tactics in post-Soviet space, make coercive energy policy the expected behavior of the Russian state in this issue area. We now know why Russia uses coercive energy policy in its Near Abroad.

Second, Chapters 4 and 5 have shown the reasons behind Russia's use of coercive energy policy for pipeline transit fees, the price it charges post-Soviet states for natural gas, and construction of competitive pipeline routes. Using the issue-based approach and my contextual independent variables, the qualitative analysis of Chapter 4 compares two regions of post-Soviet space, the Caucasus and Central Asia (Hensel 2001). I find that the Caucasus region has high energy salience, with the presence of the United States, Russia's principal rival, in the region's energy issues (Maness and Valeriano 2013). Past animosities, the fact that this region serves as a transit route for non-Russian gas, and membership in pro-Western organizations such as GUAM and the EU Neighborhood Policy makes this region salient to the Russian foreign policy elite. This has led to high coercion of the states of this region, particularly Azerbaijan and Georgia, over energy issues. Furthermore, Russian public opinion has been clear in its approval of the use of coercive energy tactics on the states of this region and the major power involved in its energy affairs, the United States (Holsti 1992, Colaresi 2005).

The Russian public views Georgia and the United States as their country's first and second, respectively, most hated enemies. As these two countries are also rivals of Russia, this makes salient issues between Russia and these states all the more discordant, which in turn makes Russian coercive energy policy in the Caucasus region a near certainty (Valeriano 2012). The United States is also the top FDI investor in the energy sector of Azerbaijan, and has financed pipeline projects that circumvent Russia, giving the Western European market diversification and a reduction in market share of natural gas from Russia to this coveted customer base. The Baku-Tbilisi-Ceyhan pipeline for oil and Baku-Tbilisi-Erzurum for natural gas have broken he grip Russia had on Azerbaijan for the export of its hydrocarbons, and because this was the work of the United States, this issue became all the more salient, and coercive energy policy in the region is therefore the norm. It can be argued that in an effort to discredit this new route that traversed Georgian and Azerbaijani territory, Russia waged a five-day conflict that shutdown the pipelines for a few days. Moscow was hoping that the shutdown would lead to European customers perceiving the routes unreliable, but this had the opposite effect and Western investors are now proposing more Caucasus pipelines that circumvent Russia be constructed (Nygren 2008). Russia' coercive tactics are actually having the opposite effect of what was intended in its controversial Caucasus energy policy.

Concerning Russia's great power identity and the Caucasus region, the territory comprising the three states of Armenia, Azerbaijan, and Georgia has important historical, cultural and ethnic traits that make the region salient to Russia and its people. Russia wrested this territory from the Persian and Ottoman Empires, a proud time in history for Russia. Furthermore, Armenia is an Orthodox bastion in the region that Russia sees itself as the protector (Tsygankov 2006). Georgia is the home of the infamous Soviet dictator Josef Stalin. Azerbaijan was won after a long conflict with the Persians. Letting this region slip to the influence of another power, especially a power perceived to be a longstanding enemy in the United States, therefore, is something that the Russian foreign policy elite will not tolerate. Therefore coercion, in the form of coercive energy policy but also armed military conflict, is expected in this part of post-Soviet space.

I find that coercive energy policy is present in the Caucasus region, with natural gas pricing and transit fees but especially with pipeline project competition. The Russian-Georgian economic dispute included a trade embargo and threefold natural gas price hike for Georgia. Tbilisi countered by replacing Russian gas supplies with Azerbaijani gas, and also sped up its Western integration attempts with NATO, the EU, and the United States. Russian countered by asserting its dominance over Georgia in a five-day conflict with the hopes that European countries would see the country as an unreliable transit country for energy. This had the opposite effect, however, and now pipeline competition between Russia and Western investors in the Caucasus is at a pinnacle.

Azerbaijan has been the beneficiary of a larger U.S. presence in the region, as the American-financed BTC and BTE pipelines have broken the pipeline monopoly Russia had on the country when exporting its hydrocarbons (Henderson et. al. 2012). It has taken some of the European market share from Russia, and the Russian response, as argued in Chapter 4, has been coercive. The 2008 conflict with Georgia was also an attempt to discredit the source of non-Russian gas from the Caucasus, Azerbaijan. However, this has drawn Baku closer to the protection of the West, particularly the United States, thus it seems that these coercive tactics by Russia have actually had the opposite effect of what was intended. American investment in Azerbaijan is actually increasing and not decreasing, thus if the goal was to punish Georgia and Azerbaijan for their defiant attempts at Western integration and bring them back into Russia's orbit, then Russia has failed at this goal.

The pipeline competition in the Caucasus is also intense and also equates to Russian coercive energy tactics. The Nabucco, White Stream, and Trans-Caspian pipelines are all Western backed pipeline proposals that would increase natural gas imports from not only from Azerbaijan but also from the Central Asian state of Turkmenistan if seen to completion. Russia has countered these pipeline proposals with one of its own, the Gazprom-backed South Stream pipeline. As of the time of this writing, the South Stream pipeline is the only proposed project that has broken ground and is under construction. Since the Georgian conflict in 2008, the Western investors have had reservations about building alternative pipelines, as investments have slowed significantly. Russia has taken advantage of this and will soon have more Russian gas flowing to European markets, taking back some of the lost market share due to the BTE pipeline. This type of Russian coercion seems to be working and, along with the assets-for-debts programs, looks like the future of Russian coercive energy tactics in post-Soviet space.

The final indicator of Russian energy coercion in the Caucasus lies with the lack of energy coercion with Armenia. Armenia has sided with Moscow on most of its foreign policy endeavors, and Russia has rewarded Armenia with subsidized gas prices. Armenia has always paid less than Georgia, even though Russian natural gas must traverse Georgian territory to reach the Armenian market. Furthermore, as Armenia is primarily Orthodox, Russia sees it as its great power duty to protect the people who share its religious beliefs. This has been apparent in Russia's continued support of Armenia over the Nagorno-Karabakh conflict with Azerbaijan (Nygren 2008). Therefore, if a state stays close to Russia's geopolitical orbit, it will reap the benefits of below-market natural gas prices.

Central Asia, on the other hand, is found to have low energy salience. Therefore, the evidence of the four impact factors correlate with the low energy coercion by Gazprom and the Russian state in this region of post-Soviet space. These states belong to the pro-Russian CSTO, Shanghai Cooperation Organization, and the Eurasian Economic Community that keep the saline for these states low. Furthermore, there are no past animosities, few ethnic Russians, no pipelines that circumvent Russian territory to Western markets, and most leaders of these governments are authoritarian and like-minded with the foreign policy decision of the Russian state. All of these factors are why the salience of Central Asia is low for Russia.

The United States' presence in the region is also low in terms of energy investment; as the war in Afghanistan winds down, the American interest in the region is waning. Therefore, the U.S.-Russian rivalry over issues of post-Soviet space is not present in the Central Asian region. When rivalry is not present in the issues of a region, the probability of more cooperative and accommodative policy is high, thus the United States' relative absence from the region is leading to the absence of coercive energy policy. Furthermore, the increased energy investment of China in the region is not increasing Russian coercive tactics. China and Russia are allies over global issues, and Russia sees this remaining friendship as important to its great power identity (Tsygankov 2010). Therefore, Russia is tolerating the increased presence of China over energy issues in Central Asia.

Russian public opinion sees the states of Kazakhstan and China as the first and second most-friendly states to Moscow, respectively. As there are no post-Soviet or major power rivals of Russia in Central Asia, as there are in the Caucasus, and the two most friendly states to Russia are present in the region, the probability of Russian coercive energy policy is small (Klein, Diehl and Goertz 2006). Most Russians also see the other states of the region as friendly, and the lack of ethnic Russians, Slavic-Orthodox peoples, and short history with the region do not make Central Asia important to 21st century Russia's great power identity.

As hypothesized, the level of Russian energy coercion in Central Asia is low. Russia buys it gas from the natural gas endowed states of Kazakhstan, Uzbekistan, and Turkmenistan at near market prices that supplement Gazprom's supplies to the European market. Furthermore, the pipeline competition in this region is low. The only completed or pipelines under construction in the region that circumvent Russian territory are headed for Chinese markets. Russia is tolerant of this pipeline competition because of its necessary alliance with the rising power. The only proposed pipeline project that will link Central Asia with the European market while also circumventing Russian territory, the Trans-Caspian, is for now shelved as investment has stopped. Therefore the first four hypotheses of the theory of coercive energy policy for this research project fail to be falsified.

Chapter 5 does a comprehensive quantitative analysis of Russia's use of its near monopoly of natural gas in post-Soviet space. As hypothesized, the price goes up when diplomatic, economic, or military inroads are made with the United States or other Western states or organizations. Statistical significance is also found in that post-Soviet states that pay the least for natural gas have kept close to the Russian state and the Putin Administration. Past animosities in the form of militarized disputes are not found to affect natural gas prices with Russia and post-Soviet space. However, those who serve as pipeline couriers or export their natural gas through Russian pipelines see a significant drop in pricing. Post-Soviet states that contain a significant number of ethnic Russians are charged more for their natural gas, indicating that Russia perceives mistreatment of these expatriates by their host countries, and these governments are literally paying the price.

The Baltic states of Estonia and Lithuania pay significantly more than the comparative state, Moldova, in the fixed panel regression analysis. Their Western ties via membership in NATO and the EU are the explanatory factors behind this. Ukraine and Azerbaijan pay significantly less than Moldova, and this is not surprising due to Ukraine's importance as a pipeline courier to Europe, and Azerbaijan's possession of its own natural gas reserves. These factors have motivated Gazprom and the Russian state to build another pipeline through the Caucasus, the South Stream pipeline, so that Azerbaijan's role as a secondary supplier to European markets is broken, as well as reducing Ukraine's importance as a courier of gas to Europe. Russian coercive energy policy is found to be present in the European and Caucasus regions of post-Soviet space, while there is little evidence that it is present in Central Asia. Through the evidence and analyses of Chapters 4 and 5, we now know which factors drive Russian coercive energy policy.

Finally, Chapter 6 perhaps contributes to the field of international relations scholarship and economic statecraft literature in a new and dynamic way. Chapters 4 and 5 have shown the progressive and explanatory nature of the issue-based approach, while Chapter 6 has uncovered a new technique to be utilized in economic statecraft research. Using events data and the interval conflict-cooperation scores between Russia and post-Soviet states as the dependent variable, I find that overall, Russian coercive energy policy does not work in that it evokes an overall negative and significant coefficient in the panel regression analysis (Goldstein 1992). If Russia's intent is to bring these states back into its sphere of influence by using these coercive tactics, the results of this regression would have shown positive and statistical significance. States coerced by Russia via energy policy are actually moving further away from Moscow and looking to the West for diplomatic, economic, and/or military shelter. It is in the Caucasus region, specifically with Georgia, where these reactions to Russian coercive policy is particularly negative.

The methods and analyses of Chapter 6 also show the utility of events data when uncovering phenomena previously not conceptualized. Previous research on using economic tools as a form of coercion and whether or not it "works" has been decided by looking at each case in the historical record, and coming to decisions based on the opinions of the researchers (Hufbauer, Schott, and Elliot 1990, Pape 1997, 1998, Martin 1992, Morgan, Bapat, and Krustev 2009, Bapat and Morgan 2009, Baldwin 1985). This has led to widespread disagreements in academia and has even led to famous debating between Pape (1997, 1998) and Hufbauer, Schott, and Elliot (1990) over the utility of economic sanctions. The approach used in Chapter 6 introduces a new method to systematically uncover whether or not the means used by sanctioning states meet the ends. The use of events data is the key to uncovering this elusive research question. When there are more cooperative dynamics after an instance of economic statecraft, we can assert that the means have met the ends, as the sanctioned state is in compliance with the sanctioning state. When there is more discord between sanctioned and sanctioning state, we can assert that the means are not matching the ends. Therefore, this chapter has done two things: it has made a good case for the continuation of using and creating events datasets; and it has added new research methods to an important research program in international relations scholarship, economic statecraft. We now know whether or not Russian coercive policy works. The question that remains is, where do we go from here?

B. COERCIVE ENERGY POLICY RESEARCH: WHERE DO WE GO FROM HERE?

The concentrated and narrow focus of this research project does not mean that the theory, methods, and approach to uncovering the dynamics of Russian coercive energy policy can only work for this particular country, region, tactics, and outcomes. The goal of international relations research is to find the generalizable, and with the issue-based approach as a guide, the methods employed and evidence uncovered in this dissertation can be applied to other regions and with other forms of economic statecraft.

Power-based theories (Morgenthau 1948, Waltz 1979, Mearsheimer 2001) are not adequate in explaining the use of coercive tactics. If we were to follow the lens of the realist paradigm and its offshoots, Russia would coerce the states of post-Soviet states for the sake of increasing its power relative to other in the region as well as the United States and China. Although this paradigm may explain the ultimate ends of Russia’s coercive energy tactics, which is to reclaim its domination of post-Soviet space, it does not explain the means very well, which is why Russia would be coercive in the first place. It is the issues pertaining to the states for Russia that lead to decide on whether or not to be coercive, as the evidence throughout this dissertation finds. Lastly, if realism were be explanatory and predict the outcomes of Russian coercive policy in post-Soviet space, it would find that all post-Soviet states being coerced would fall back into line with the more powerful Russia and return to its regional sphere of influence.

The evidence in this research program actually finds the opposite, as the coerced states are moving away from Moscow's political orbit the more it coerces them with energy tactics.

Lake (2009) finds that in order for international or regional hierarchies to work; that is, for the more powerful states to gain legitimate leadership status, it has to be benevolent, and not coercive. Therefore, Russia's attempts at being the dominant hierarchal state in post-Soviet space will not work, according to Lake (2009), if coercion is the method. Evidence for Lake's assertions is found in Chapter 6, as the states of the former Soviet Union are not adhering to the Russian hierarchal order when coerced with energy tactics. If the goal of international hierarchy is to get states in line with the more powerful ones, whether global or regional, coercive tactics are not the means of doing so if they are going to work. Using events data and the conflict-cooperation scores as dependent variables, we may be able to uncover not only whether or not economic sanctions work, but other forms of statecraft employed by stronger states against weaker ones, both benevolent and coercive.

Here I will give several examples as to how events data could be utilized when studying economic statecraft between states. First, it is unclear whether or not the current economic embargo led by the United States on Iran for its nuclear program is working and bringing the Islamic republic to the bargaining table. Using events data as the dependent variable, scholars could look at the impact of the various sanctions that the international community has imposed in terms of foreign policy reactions from the Iranian state. If the reactions are negative and significant, then we will know that Iran has been defiant in the face of economic disaster, while if the reactions are more positive and significant, we will know that Iran has tried to reach out the international community to barter a deal. Using social science quantitative methods, we can now begin to disseminate the utility of economic sanctions between states with an exciting new tool, events data.

Second, not only could we examine the economic sanctions of current international affairs, but we could also look at past well-known economic sanctions to look at their effects on foreign policy interactions. The interplay between the United States and Soviet Union during the 1979 grain embargo could be examined and measured throughout its duration. Did the Soviet Union cozy up to the Carter Administration because of this act, or were they more coercive? Although many (Hufbauer, Schott, and Elliot 1990, Pape 1997, Baldwin 1985) would argue that they did not work in that the Soviets did not withdraw from Afghanistan and the United States domestic economy was hurt, the quantitatively constructed foreign policy reactions from the Soviets could bring forth new findings and shed new light on the motives of both the Soviet Union and the United States.

Lastly, events data in economic statecraft research could help solve two main debates that dominate this niche of international relations scholarship: are unilateral or multilateral sanctions more effective in changing the behavior of states; and do economic sanctions "work" (Pape 1997, 1998). Hufbauer, Schott, and Elliot (1990) find with their data and methods that it is unilateral sanctions that are more effective; while Morgan, Bapat, and Krustev (2009), with their data and methods, find that it is multilateral sanctions that are more effective in changing the behavior of the sanctioned state. I propose that the events data methodology presented in this research project could help settle this debate once and for all. When the economic tool as the independent variable, whether it is a raise in tariffs, and economic embargo, or a price hike on certain commodities, is measured against the dependent conflict-cooperation events data, the findings should uncover this debate once and for all. One could do a case-by-case quantitative analysis to uncover whether unilateral or multilateral sanctions work better; or one could lump all data on sanctioning into one large-N dataset and include controls for unilateral and multilateral sanctioning to see which one works best. This new method could open many new avenues for economic statecraft research.

The evidence presented in Chapter 6 has shown that for Russia, its coercive energy policy is not working in that it is not changing the behavior of the states it sanctions to be in line with the government in Moscow. Negative or lack of statistical significance in the analyses have led me to fail to falsify the last hypothesis of this dissertation, which states that Russian coercive energy policy is not working with price changes. If these coercive tactics were to be working, we would expect to find positive statistical significance in the coefficients. This same method and quantitative tool of events data could be applied to other countries that are using economic statecraft as a weapon to find out, once and for all, whether or not economic statecraft, overall, works.

C. CONCLUSION: FINAL THOUGHTS

Russia is resurgent. It has made its way back to the exclusive club of major regional powers through the assertive leadership of Vladimir Putin and government revenues that coincided with the regime’s takeover of the energy sector. States of the former Soviet Union have felt the coercive diplomatic tactics that many states around the globe experienced during Soviet times. Evidence is present that Russia is attempting to reclaim political (but not territorial) control of its former empire by coercion. Any outside state that attempts to undermine Russian influence in the region is similarly met with coercive diplomacy of some form. It seems that post-Soviet states that attempt to align with other power centers, such as the American-dominated West, are the ones who bear the brunt of Russia’s coercion for diplomatic subversion.

For Russia, there is also evidence that these tactics have not achieved the political ends it desires. The research of this dissertation offers policy advice that many have offered before: the use of power politics as a guide to foreign policy decisions does not work. To attain international respect and to get states in line with your wishes, you are better suited using accommodationist strategies.

In the last two years, Russia has perhaps been realizing that its price regime for natural gas with post-Soviet states is not working. It has shifted it s energy policy from subsidized gas pricing with many states and is now on track to charge market prices for all of post-Soviet space, excluding its most loyal subjects thus far, Armenia and Belarus. It has replaced these subsidized pricing tactics with the building of pipelines that circumvent their tradition pipeline transit states of Belarus and Ukraine, and arrive directly from Russia to an EU country. The Nordstream pipeline circumvents Belarus and Poland and arrives via the Baltic Sea at Gazprom's best customer, Germany. Some have argued that this makes business sense; that Nordstream is actually a pipeline for the future (Chyong et. al. 2010, Stegen 2011). The possibility for Arctic hydrocarbon accessibility due to climate change may mean Nordstream would be a direct link from this new source of energy reserves in Russian territory. Furthermore, the construction of the South Stream pipeline is scheduled for completion in 2015 and will take some of the share of Russian gas headed for Europe away from Ukraine, a country that has defied Russian interests repeatedly over lower gas prices and higher transit fees. It seems that if post-Soviet states have a bargaining chip to play against Russia, Russia will take that chip away, even if it entails multi-billion dollar pipeline projects.

Russia is also buying up the majority shares of the companies running pipeline transit countries' routes as well as many of its dependent customers that are in debt to Gazprom and the

Russian state. This assets-for-debts program relieves these countries of the money they owe Russia in the short term, but take away their bargaining chip for subsidized gas pricing in the long run. Now that Gazprom controls these countries' pipeline infrastructures, it would be in their best interest not to upset Moscow by courting the West for diplomatic, economic, or military aid; and come closer to the Russian political orbit if they want to continue to see favorable gas prices. It seems that Russia has not learned coercive tactics do not usually bring the outcomes that were intended; however, only time will tell if these new coercive tactics, new pipeline construction and assets-for debts, will bring the states of the former Soviet Union closer to their former master, Russia.

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APPENDIX

Two Excel files will be included with this thesis. The two Excel files are the datasets used to run the quantitative analyses of Chapters 5 and 6. Below are the Stata commands used to run the regressions for replication.

The two files are:

Russia quantitative data.xlsx

Russia events data dissertation main.xlsx

CHAPTER 5

tsset dyad t

xtreg gasprice russia postsoviet west mid

xtreg gasprice russia postsoviet west mid europe caucasus centralasia pipeline ethnicrussian

xi: reg gasprice russia postsoviet west mid i.dyad

CHAPTER 6

tsset dyad t

xtreg confcoop gasprice

xtreg confcoop gasprice europe caucasus centralasia pipeline ethnicrussian

xi: reg confcoop gasprice i.dyad