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**Interdependences and regime stability:
Evidence from Russia, the EU, and Eastern Partnership countries¹²**

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This paper addresses the impact of both external democratic and authoritarian actors on the quality and stability of non-democratic regimes in third countries. We ask how interdependences contribute to regime stability. We advance the literature on the role of diplomatic ties, trade and migration linkages by providing comparative evidence on the underlying mechanisms supporting stability in its political and economic dimensions. We argue that the dominant mechanisms which translate international linkages into regime stability vary with the type of interdependence. We draw on evidence from three comparative case studies of post-Soviet states and their interdependences with Russia and the EU.

Keywords: interdependence, regime change, Belarus, Armenia, Azerbaijan, shared neighbourhood

Introduction

Stalled democratization in Eurasia is frequently associated with the rising international influence of Russia and China. Scholars interested in democracy promotion asked how they – alongside democracy promoters like the EU - impact the quality and the stability of regimes in third states. Several authors (e.g. Levitsky and Way 2010; Schmotz and

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Tansey 2018) suggest that international linkages, namely the density of cross-border ties through trade, migration or diplomatic relations, make domestic actors factor in costs imposed from the outside when reshaping the nature of their domestic regime. As a result, an increasingly large literature studies the impact of regional and international linkages on political regime stability in third states. A main claim of this literature is that strong linkages to democracies facilitate democratization (Levitsky and Way 2010), while linkages to authoritarian regimes facilitate authoritarian survival (Tansey, Koehler, and Schmotz 2017).

Despite the fact that political and economic regimes are frequently considered to be mutually reinforcing (North, Wallis, and Weingast 2013; Acemoglu and Robinson 2012; McMann 2009), few studies have so far looked into the impact of linkages on the political and economic dimensions of domestic regimes. In addition, while this literature has analysed diverse international linkages, such as trade and migration flows, or diplomatic ties, comparative evidence on the more fine-grained mechanisms of how they translate into regime change or stability is still scarce. Evidence on these mechanisms, however, may help to understand the puzzles that emerge with regard to international linkages and regime stability in the post-Soviet space. Despite considerable differences in their external linkages, states such as Belarus, Azerbaijan, and until more recently, Armenia, have maintained stable closed political and economic regimes.

The paper explains this puzzle by analysing how international linkages contribute to the stability. In doing so, we encounter the limitations of the existing literature, which focuses heavily on the density of international linkages. Our contribution is twofold. Conceptually, we shift from linkages to interdependences, thereby our analysis factors in not only the size of ties but also the costs inflicted by external actors. Empirically, we provide comparative evidence on the fine-grained mechanisms which make linkages translate into regime outcomes- specifically, regime stability. We focus on Armenia, Azerbaijan, and Belarus, three post-Soviet states with stable and closed political and economic orders that have diverse linkages to Russia and the EU. Specifically, this paper provides for a focused comparison of these three states during specific time periods, in which each regime was confronted with challenges to its political or economic order. Our analysis investigates whether and how international linkages helped regimes keep their stability in these times.

We argue that key mechanisms supporting regime stability differ depending upon the type of interdependences linking post-Soviet countries to the EU and Russia. While elite-learning emerges as the dominant mechanism in the case of countries sensitive to external actors (such as Azerbaijan), patronage and sanctions play a prominent role for countries that are vulnerable to the EU and Russia (such as Armenia and Belarus).

In the remainder of the paper, we first detail the motivating puzzle, departing from the recent literature on linkages, leverage and regime stability. We then outline the main concepts that guide our empirical analysis and reflect on our method and case selection, before providing a comparison of Armenia, Azerbaijan, and Belarus. The last section reflects on the comparative findings.

Linkage, leverage and three puzzling cases of regime stability

While transitologists had initially studied domestic conditions for political change, the end of the Cold War prompted scholars to consider the international dimension of regime change, especially democracy promotion by the EU and the US (see, e.g., Lavenex and Schimmelfennig [2011]; van Hüllen [2015]). With the rise of Russia and China as crucial players on the world stage, this focus shifted to also include non-democratic actors (Tolstrup 2015; Vanderhill 2017; Babayan and Risse 2015), making scholars analyse their impact on the direction of political change in third countries (e.g. Brownlee 2017). Those who investigated the motives and policies of authoritarian powers in greater detail, however, concluded that they do not necessarily engage in a consistent form of “autocracy promotion” (von Soest 2015). Instead of globally subverting democracy abroad, they rather contributed to the stabilization or destabilization of regimes, especially in their immediate neighbourhood (Brownlee 2017; Babayan and Risse 2015; Tolstrup 2015). Scholars thus explored the international dimension of political (in-)stability, focusing especially on the contribution of cross-border linkages to regime collapse and changes in ruling coalitions (Schmotz and Tansey 2018). The mechanisms of change identified in this literature allow for a broader focus than those identified in the external governance approach (see, e.g., Lavenex and Schimmelfennig [2011]), which are centred on EU policies and therefore are not attuned to authoritarian powers. This literature has, however, rarely taken the economic dimension of domestic orders into account. This is surprising, as there are studies on the effects of democracy promotion on economic systems, showing, for instance, that

external financial support enables authoritarian regimes to increase public spending without increasing taxation and as a possible result, representation (Abbott 2018; referring to Morrison 2015). Despite the fact that the stability of non-democratic regimes (especially in the post-Soviet space) builds on the intertwining of economic and political spheres (Ademmer, Langbein, and Börzel 2019; McMann 2009), scholarly work has thus far mostly focused on either *political* or *economic* regimes.

The study of *how* international influences translate into domestic change has resulted in a rather broad consensus. Scholars tend to agree that the most important channel for political or economic change is domestic in kind: international influences translate into change through the empowerment or disempowerment of domestic actors (Noutcheva 2018; Babayan and Risse 2015). In their prominent contribution, Levitsky and Way (2010) differentiate between international linkage and leverage in this regard. They define linkage as the “density of ties (economic, political, diplomatic, social, and organizational) and cross-border flows (of capital, goods and services, people, and information)”. Such linkages enable external actors to inflict costs on domestic agents and sanction behavior across borders, thereby empowering some domestic actors, while disempowering others (Lankina, Libman, and Obydenkova 2016; Yakouchyk 2016; Schmotz and Tansey 2018). Levitsky and Way argue that democratic linkage is more important for explaining democratization than leverage, which they define as “governments’ vulnerability to external democratizing pressure” (2010, 40). Leverage comprises the

“(1) regimes’ bargaining power vis-à-vis the West, or their ability to avoid Western action aimed at punishing abuse or encouraging political liberalization; and (2) the potential impact (in terms of economic health or security) of Western punitive action toward target states” (2010, 40f.).

To determine leverage, the authors consider differences in military and economic power, potentially competing foreign policy objectives of external actors, as well as the existence of other competing actors, such as Russia in the post-Soviet space.

The concept of leverage, however, merges considerations about mechanisms of change with foreign policy objectives, instruments, and scope conditions. While Levitsky and Way (2010) find ample support for their linkage-hypothesis, comparative evidence that would disentangle scope conditions from more fine-grained mechanisms of how linkages translate into regime outcomes is still scarce (Noutcheva 2018; Tansey,

Koehler, and Schmotz 2017). This evidence may be needed, however, to understand the mechanisms behind the puzzling finding that some states have remained very stable despite their diverse external linkages. This is especially the case in the post-Soviet space. Azerbaijan, Belarus and Armenia have remained closed regimes that limit political and economic competition for more than ten years. Yet, they hold very diverse linkages to democracies, especially the EU and its member states, and authoritarian regimes, such as Russia: for a long time, the EU has been Armenia's largest trading partner and both have intensely cooperated in the framework of the Eastern Partnership. Likewise, Azerbaijan has close ties to both the EU and Russia, while Belarus is intimately linked to Russia in economic, political and security terms but still trades extensively with the EU. Why and especially how have these states managed to sustain their stability despite different linkages to the EU and Russia?

We seek to contribute to the debate about underlying causal mechanisms by tracing how linkages have contributed to stability in these three cases. In what follows, we briefly outline the main concepts and the operationalization that guide the subsequent case studies.

Stability of political and economic access and linkage mechanisms

The dependent variable: regime stability

We conceptualize stability by using North, Wallis and Weingast's (2013) concept of social orders that divides the modern world into so-called Open Access Orders (OAOs) and Limited Access Orders (LAOs), each being characterized by the degree and balance of access to economic and political resources: OAOs are marked by open political and economic competition, while in LAOs a small rent-seeking elite – a so-called dominant coalition - restricts access to both economic and political resources. In this vein, the degree of access and the balance of access across the economic and political sphere are characteristic of a specific social order. In order to define stability, we draw on recent findings on social orders in the post-Soviet space, which show that closed post-Soviet orders are more stable than others (Ademmer, Langbein, and Börzel 2019)³: Armenia,

³ Note that political access is measured predominantly by the quality of elections, horizontal accountability and the protection of political and civil rights to be particularly indicative of the differences in political access among post-Soviet states. Differences in economic access are captured mostly through trade and banking liberalization and privatization, alongside the protection of property rights.

for instance, has managed to keep a stable pattern of more access in the economic sphere, but drastically restricts political access. Azerbaijan and Belarus are also stabilized regimes characterized by drastically limited access to political and economic resources. According to this typology, Armenia, Azerbaijan and Belarus have been more closed and stable than other post-Soviet states, such as Georgia and Moldova. The latter have restricted access to economic resources more than to political ones – a pattern that has proven instable and short-lived (Ademmer, Langbein, and Börzel 2019).

Armenia, Azerbaijan and Belarus have thus managed to remain stable and relatively closed for a long period of time, despite the fact that their system of political and economic access has been confronted with substantial challenges. They have witnessed times of mass protests, during which people demanded more political access, e.g. through free and fair elections. They have also seen their respective economic access structures challenged through severe financial and economic crisis. In our empirical analyses, we investigate how dominant coalitions have managed to stabilize their system of political and economic access in the face of such challenges from 2005-2015, especially analyzing whether and how linkages have aided them in their endeavour. In order to do so, we implement an analysis that is conceptually guided by disentangling the linkage and leverage concept of Levitsky and Way (2010) into four mechanisms and one scope condition.

Mechanisms and associated variables: patronage, sanctions, crisis support and elite-learning

We draw on Tansey, Koehler and Schmotz (2017) who outline four potential mechanisms that can turn international linkages into (in-)stability in reference to the work on democratic linkages by Levitsky and Way (2010). We label these mechanisms patronage, sanctions, crisis support and elite-learning. The mechanisms are associated with specific empirical observations to guide our empirical analysis.

The first mechanism, *patronage*, specifies that international linkages can stabilise domestic regimes via “personal, financial and professional ties” (Tansey, Koehler, and Schmotz 2017) to democratic or to authoritarian regimes. Personal benefits resulting from authoritarian linkage are often associated with patronage and are used to generate and dissipate rents within a dominant coalition – this has profound implications for regime stability once such ties are cut. “Where state revenues depend in significant part on international autocratic linkages, any regime change could put patronage-based

benefits at risk” (Tansey, Koehler, and Schmotz 2017). Domestic actors that profit from such ties should hence have a preference for the stability of a regime and its underlying rules that structure political and economic access. Likewise, personal benefits can also emerge from democratic linkages for a variety of actors, e.g. for those that profit from inflows of investment or job opportunities, and are thus likely to get engaged in cases where incumbent behaviour through flawed elections, or infringements of political rights, puts their personal ties with the West at risk (Levitsky and Way 2010). If existing personal financial ties or patronage contribute to stability in LAOs, we would expect that changes in such ties should be associated with challenges to the stability of a system. Empirically, we thus investigate whether challenges to stability were preceded by a cut of financial, economic or other ties of the dominant coalition or other domestic actors with the EU or Russia. We also investigate whether the challenge was overcome by establishing new personal, economic or financial ties to external actors.

The second mechanism, which are *sanctions*, acknowledges that linkages can (de-) stabilise regimes via the use or the threat of sanctions and conditional offers (Tansey, Koehler, and Schmotz 2017). While a cut in personal or financial ties (related to the mechanism of patronage) may not necessarily be the result of an intentional foreign policy action by external actors, sanctions and conditional offers are. In the case of the post-Soviet states, Russia, for instance has prominently used sanctions and other punitive actions (Cenusa, Kovsiridze, and Movchan 2014). The EU has employed policy specific conditionalities in the framework of the Eastern Partnership, and employed sanctions against Belarus. This mechanism differs from the previous one, in that sanctions and conditional offers are specific about conditions that must be met to become eligible for certain rewards or sanctions, and that they are unilaterally imposed. In the empirical part, we thus analyse whether the challenge to stability was preceded or succeeded by sanctions or conditional offers. We operationalise sanctions as diplomatic sanctions, arms embargoes, travel bans, freezing of assets and economic sanctions (European Commission 2019). We operationalise conditional offers as financial, political or economic benefits offered to the dominant coalition in exchange for specific policy or behavioural changes (or the lack thereof).

The third mechanism is *crisis support* (Tansey, Koehler, and Schmotz 2017). In case of a domestic crisis, linkage is likely to stimulate external *crisis support* and thus contributes to stabilizing the incumbent regime. This is because “autocratic linkage

heightens the fear of contagion between autocratic countries”, and therefore increases the likeliness of support to the incumbent regime in case of crisis (Tansey , Koehler, and Schmotz 2017, 1226). Conversely, the lack of support during crises may trigger instability. Crisis support differs from sanctions in that it is not provided on a conditional basis, and it also differs from patronage in that it is less about establishing longer term financial, economic or personal ties, but is more ad hoc and offers one-time support. We thus operationalise crisis support as ad hoc financial, personnel or political support in the aftermath of an event.

Fifth, an incumbent regime can use linkages to facilitate *elite-learning* or emulate external actors’ policies. In such cases, the takeover of authoritarian or, conversely, democratic practices may help the incumbent coalition to respond to challenges to their stability. Tansey, Koehler and Schmotz (2017) argue that processes of learning have also occurred in the past, inter alia when authoritarian regimes shared technology to restrict political and civil rights. If this mechanism was relevant for explaining regime stability, we would expect that dominant coalitions adopt policies that have previously been adopted in the EU or Russia as a response to an incident that challenges their stability. Tansey, Koehler and Schmotz (2017) do not situate elite-learning in the broader literature on diffusion and Europeanisation, however. This literature (see, e.g., Börzel and Risse [2012]) distinguishes between more direct, top-down forms of influence, including coercion, incentives or socialization, as opposed to more indirect and bottom-up forms of diffusion, including lesson-drawing or functional emulation. We conceive of elite-learning as a more indirect form of diffusion and systematically investigate whether policy changes that were designed to deal with this challenging situation were borrowed from abroad. While we cannot rule out that policy adoption is the result of socialization processes in this way, we can observe whether policy adoption also occurs in the absence of sanctions or conditional offers, pointing us towards a more internally-driven takeover of policies.

The mechanisms specify through which channels external actors may potentially impact stability in states they are closely linked with by imposing costs or benefits. However, they do not specify the amount of costs that external actors can impose through these diverse uses of linkages. Differentiating types of interdependence may help to do so.

The scope condition: types of interdependence

In line with Tolstrup, we argue that the original concept of international linkage is static in nature, as it heavily focuses on the density of cross-border flows (Tolstrup 2013). In order to move to a more dynamic analysis we reconsider linkages to both democracies and authoritarian regimes and associated mechanisms in light of the literature on interdependence. We distinguish between its two types of sensitivity and vulnerability (Keohane and Nye 1977) as a scope condition that determines the amount of costs and thereby the *potential* of linkages to have an impact through the four channels described above: Sensitivity captures the costs faced by an actor as a result of another's actions, when there has been no change in its own policies. Vulnerability refers to the costs faced by an actor as a result of the actions of other actors even after it has changed its own policies. A state is thus highly vulnerable if alternatives to the given policy framework are not available at acceptable costs.

Therefore, shifting to the concept of interdependence and distinguishing these types of interdependence enables us to conduct a more dynamic analysis. We study the costs that are associated with *changes* in bilateral relationships, as opposed to studying only the size of cross-border flows. We expect the potential of external actors to impact, or of states to anticipate externally, imposed costs to be highest in states and sectors that are vulnerable to the respective external actor, and lack viable alternatives. When states are merely sensitive and can exploit alternatives to counter costs imposed by the outside, this potential should be lower.

Empirical approach and case selection

We ask whether and how interdependences in the fields of security, trade, energy and migration contribute to stability in Armenia, Belarus and Azerbaijan. We implement a most-dissimilar research design by looking for patterns of variables associated with linkage mechanisms and our scope condition. All three countries differ in a variety of ways that are otherwise associated with closure and stability, such as their size, power and geography (Tolstrup 2013), as well as their specific historic trajectories and conflicts. We also study each country in different points in time. This inductive research strategy allows us to come up with hypotheses about linkage mechanisms in diverse contexts that can then be tested more systematically in further research.

In order to establish whether the prevalence of stability is associated with linkages, we follow and adjust the case study approach chosen by Tansey, Koehler and Schmotz (2017) and conduct focused comparisons of periods, where the countries faced challenges to their systems of political and economic access and needed to respond to safeguard their stability. We define and measure challenges to *political closure* by studying times of large protests (indicative of demands for more political access), and challenges to economic closure by financial and economic crisis (indicative of a challenge that may undermine rent-seeking behaviour).

Case studies

Armenia

Up until 2018, Armenia exemplified this type of an ‘unbalanced closure’ order (Ademmer, Langbein, and Börzel 2019), marked by a stable combination of restricted political access and relatively lax economic access: The relative stability of Armenia’s unbalanced closure was based on restrictions of political competition and economic opening in areas like trade liberalization and privatization since the late 1990s. The latter allowed the then dominant elite to counter trade deficits and induce economic growth, while restrictions on electoral competition and political rights rendered the emergence of a strong political opposition impossible. The Velvet Revolution led by the former journalist and protest leader Nikol Pashinyan in April 2018 resulted in greater access to political resources when it comes to electoral competition and political rights. However, progress in terms of horizontal accountability has been limited thus far.

Armenia’s interdependences with Russia and the EU strongly vary across sectors. Armenia is vulnerable to Russia’s security policies. Armenia’s membership in the Russia-led Collective Security Treaty Organization is regarded as a security guarantee for the country. This guarantee is complemented by a strong integration with Russian military forces, based on the 1997 Friendship treaty. This treaty allows Russian border guards to patrol Armenia’s borders with Turkey and Iran. Armenia also hosts a Russian airbase at Yerevan’s airport and a military base in Gyumri, where approximately 3,000 Russian soldiers are stationed until at least 2044. Importantly, Russia’s arms supply to both Armenia and Azerbaijan (adversaries over Nagorno-Karabakh) increases Yerevan’s vulnerability to Russia. In terms of energy, Armenia is also vulnerable to Russia.

Despite a 2016 agreement to increase gas imports from Iran, the country still imports natural gas and nuclear fuel mainly from Russia. In terms of trade, the country is sensitive to Russia and the EU (Hidalgo and Simoes 2018). Sensitivity to Russia has slightly increased with Armenia's membership in the Eurasian Economic Union (EAEU): Russia currently accounts for 26.1% of Armenia's total trade compared to 24.8% for the EU (DG Trade 2019). Until 2015, Armenia was also sensitive to Russia's migration policies, as remittances (of which 60 percent come from Russia) constitute around 10 % of Armenia's GDP (World Bank 2018a); however, this sensitivity to Russia decreased with EAEU accession, since freedom of movement is embedded in the EAEU Treaty. We select three incidents which have challenged the structure of access to political and economic resources. For each of these, we then examine how interdependences - if at all - have contributed to the stability of the social order.

2008 Presidential Election

In the context of presidential elections in 2008, Armenia experienced a major challenge to its social order. The election of Serzh Sargsyan (backed by the incumbent Robert Kocharyan) was disputed by his challenger Levon Ter-Petrosyan, who accused the incumbent elite of massive corruption and electoral fraud. Tens of thousands of Ter-Petrosyan's supporters gathered on Yerevan's main square to contest the election result, denounce the closure of the political system and demand a new election. The violent protest dispersion that killed at least ten people, followed by a 20-day state of emergency, mass arrests and restrictions to public gatherings, initially consolidated the power of the ruling elite. The repressive use of force, however, led to the further depletion of trust in the ruling elite and a sharp political polarisation. The 2008-9 global economic and financial crisis exacerbated this trend as it also "exposed deeper structural flaws impeding reform" in the country's economy, inter alia entrenched corruption and a "closed 'oligarchic' economic network centred on several informal commodity-based cartels and semi-monopolies", all of which were closely connected to the incumbent elite (BTI 2010, 3). Apart from repression, the incumbent regime addressed the political and economic challenges promising to reform and to modernise the Armenian economy.

In this context, deeper economic integration with the EU offered an opportunity to reform and modernise the economy while incurring minimal political costs for the ruling elite (Delcour and Wolczuk 2015). In 2009-10, deeper engagement with the EU hence initially emerged as a survival strategy for the Armenian authorities.

Against that background, *patronage* plays little role in stabilizing the social order in 2008-2009. *Crisis support* has not substantially contributed either to ensuring the stability of the social order. While tacit support for the incumbent elite cannot be excluded, Russia did not intervene openly during the 2008 political crisis. At the request of the Armenian authorities, Russia offered a \$500 million “stabilisation credit” to address the economic crisis. The country also secured loans from OAOs, including \$525 million low-interest loans from the World Bank between 2009 and 2012 (BTI 2010). Both loans alleviated the short-term effects of the economic crisis without addressing the structural flaws of the Armenian economy on which the incumbents’ power system rested at least partially. During the 2008 political crisis, crisis support from the EU did not go beyond a declaratory policy, with statements of condemnation of the excessive use of force.

Conditional offers from the EU and *sanctions* from Russia significantly contributed to stabilising Armenia’s social order. Between 2010 and 2013, the EU and its conditional prospect of deepening economic integration provided guidance for economic reforms in the country, while not threatening political stability (Delcour and Wolczuk 2015). This is because the EU’s economic templates offered a way out of the economic crisis without pushing the elite towards greater political openness, given that the EU did not apply political conditionality. However, their cost-benefit analysis changed as a result of Russia’s threat of energy price increases and the withdrawing of security guarantees in 2013. They outplayed the EU’s (economic) conditional offer as they, if enacted, had the potential to endanger the survival of the ruling elites. Armenia – being vulnerable to Russia in the domain of security and energy – subsequently dropped the prospect of economic integration with the EU – and related reforms – in favour of integrating in the EAEU.

Elite-learning carries explanatory weight to account for the stability of the social order in the wake of the 2008-2009 political and economic crises. Faced with increased vulnerability, the Armenian elite vigorously adopted the EU templates of reform as part of negotiations for an AA/DCFTA in 2010-2013 (Delcour and Wolczuk 2015). For instance, they adopted and started applying the stringent EU sanitary and phyto-sanitary standards, considered beneficial for the country’s agricultural modernisation, in line with the strategy for agriculture and sustainable development for 2010-2020 (Delcour 2017). This learning process centred on economic templates was meant to ensure the

survival of the elites, especially as the EU's conditionality de facto did not target access to political resources. For instance, the EU did not apply political conditionality in the wake of 2008 presidential elections (Ghazaryan 2014) and did not make political change a precondition for closer engagement (Delcour and Wolczuk 2015). After EAEU accession, the emulation of Russia's political practices further contributed to political closure. Inspired by Russia's 2008 swap scenario between Putin and Medvedev, the constitutional changes introduced by a 2015 referendum were meant to enable the then incumbent elite to maintain their grip over Armenia by transferring key powers to the prime minister after President Sargsyan's last term.

2015 Electric Yerevan

In June 2015, the #ElectricYerevan movement gathered some 20,000 protesters in the wake of a 17% rise in electricity prices. The movement's demands were limited to repealing the price hike, reviewing the current fare, and holding the police accountable for the excessive use of force (Avedissian 2015). However, they spread to other Armenian cities and developed against the background of a wide-ranging demand for increased transparency and accountability. The protests ended after the government's decision to sell Armenia's energy monopoly (Electricity Networks of Armenia [ENA]) to Tashir group (owned by a Russian-Armenian oligarch, Samvel Karapetyan, who pledged to improve ENA's management) and to incur (jointly with Tashir group) the costs of the price hike for one year.

Over the last two decades, Armenia's ruling elite generated rents from the import of Russian energy and from the electricity sector controlled by Russian companies, including by forced transfers to companies controlled by former government officials and non-payments of electricity bills by privileged customers. The Electric Yerevan movement developed in a context in which patronage ties to Russia, and rent-seeking practices by the Armenian elites became increasingly visible. When owned by Inter RAO UES, ENA accumulated debt, inter alia after large transfers to a charitable organization chaired by then President Sargsyan (Policy Forum Armenia 2016). The price hike announced in 2015 came in response to this debt. The public's demand for increased transparency grew after reports pointed to corruption and mismanagement within ENA. In fact, ENA's owner – the Russian Inter RAO UES- explicitly acknowledged such mismanagement (Shahnazarian 2016). *Patronage* also explains the

Armenian authorities' response to the crisis. Their decision to sell ENA from Inter RAO UES to the Tashir group reduced external patronage, yet (given the connections between the owner of Tashir and the ruling elite) contributed to stabilising the social order. Other mechanisms (*sanctions and conditional offers*, as well as *crisis support*) did not play any significant role.

While we study periods of stability, Armenia has witnessed instability in the course of its *Velvet Revolution* in 2018. In this case, elite learning from Russia, namely the constitutional referendum 2015 mentioned above, indirectly triggered the massive demonstrations which led to a shift of power in April 2018. This is because the emulation of Russia's practices was perceived by the Armenian society as a mechanism contributing to political closure, as it enabled former president Sargsyan to remain in power as prime minister. In a context marked by depleted trust in the political elite, this 'trick' fostered massive discontent within the country. Other mechanisms carry limited explanatory weight, if any. Russia reacted to the Velvet Revolution with restraint; neither did it offer crisis support, nor threaten the new power with sanctions. The EU's conditional offer (as part of the newly signed Comprehensive Enhanced Partnership Agreement, CEPA) was not yet in force in spring 2018.

Belarus

Belarus is a stable and closed social order that limits competition in the political and economic sphere (Ademmer, Langbein, and Börzel 2019). The dominant coalition comprises of President Alexander Lukashenko, a close circle of his family members, representatives of the security services, the state apparatus and certain businessmen with personal links to the president. This small elite controls all sources of political power, undermining free and fair elections, as well as horizontal accountability and political rights, inter alia by control, suppression and surveillance mechanisms (Ademmer, Langbein, and Börzel 2019; Karbalevich 2010). Access to economic resources is restricted and a majority of the society is employed in state-owned companies directly depending on the dominant coalition (Rovdo 2004). Since 2005, Belarus has been stable in this regard. Instances of political liberalisation (e.g. guaranteeing political opponents media access ahead of the 2010 elections), were followed by a decrease in human rights standards. Limited attempts to enhance the business climate, e.g. by improving property rights, facilitating private company registration or giving legal and tax privileges to IT

companies, have not contributed to a change of the overall access system (Kłysiński 2018).

Belarus is vulnerable and sensitive towards Russia in terms of security and energy, trade and migration are merely sensitive to the EU in terms of trade and migration (Całus et al. 2018). While in 2005-2015 interdependences with Russia in all the sectors have grown, sectoral differences remain: Belarus is particularly vulnerable to Russia's security and energy policies. Russia is the only provider of energy resources, maintains military bases in Belarus and provides military assistance. Belarus stays extremely vulnerable to Russia in those sectors which are highly centralised, do not involve private companies or individuals, and are regarded by Russia as crucial for its foreign policy. Yet, Belarus has managed to develop strategies which allow its elite to be compensated for its loyalty to Russia. Interdependences are perpetuated by Belarus' regional integration with Russia, including in the EAEU and the Common State of Russia and Belarus. Belarus is sensitive to both Russia and the EU with regard to trade and migration, as both are key trade partners and destination countries for migrants from Belarus. Deepening trade interdependences with the EU, as an alternative to Russia, is constrained by the EU's lukewarm approach to Belarus due to diverging values of governance. Two incidents have severely challenged the structure of access to political and economic resources in Belarus since 2005: the 2010 presidential elections and a severe economic crisis in 2011.⁴

2010 Presidential Elections

In 2010, Belarus experienced a challenge to its system of political and economic access in the context of the presidential elections. Belarusian authorities allowed for unprecedented degrees of openness during the campaign, including the opposition's right to conduct legal election campaigns. For the first time since 1994 critics of the government could address the public through mass media (Szostek 2015). Still, on December 19, president Lukashenka declared his win. According to the central election committee, Lukashenka received 79.65% of votes. All other opposition candidates received less than ten per cent - including the most popular candidate Andrey Sannikau. Independent opinion polls, however, indicated that Lukashenka only secured 40-50% of

⁴ Due to space constraints, we omit a separate discussion of the mass protests following the 2006 presidential elections that, however, is likely to follow the pattern of the 2010 election developments (Ash 2015).

the votes, sparking public dissatisfaction and accusations of electoral fraud. The opposition called for mass protests in Minsk, and around 40,000 demonstrators protested against alleged fraudulent elections. When a few demonstrators (some alleged undercover investigators) started storming a governmental building, the protests were forcefully broken up, with thousands of demonstrators beaten by riot police, and 700 arrested. Andrey Sannikau was eventually sentenced to five years in prison (Padhol and Marples 2011; Kropatcheva 2011).

In 2009, Russia tried to change conditions of trade with Belarus which, from a Russian perspective, were considered disadvantageous (Całus et al. 2018). Russia was arguably aiming for a “pragmatization” of common relations (Kropatcheva 2011), including limits to the subsidies and rents that the Belarusian elite extracted from Russian energy imports and from exports of goods to Russia. Russia also initiated a negative media campaign, putting a question mark behind its political support of Lukashenka, which supposedly influenced his decision to liberalise the election campaign to reduce tensions with the EU (Yakouchyk 2016; Padhol and Marples 2011). A week before the elections, however, the signature of the act establishing the customs union of Russia, Belarus and Kazakhstan arguably eased these tensions and set economic ties on a new basis (Całus et al. 2018). Allegedly, the Russian authorities promised their support in case the Western actors would criticise the elections. Others suggest that Lukashenka deliberately used “shock tactics” of suppressing the demonstrations to revive its relationships with Russia. Despite the claims of Lukashenka accusing the opposition candidates of being directly sponsored by the EU, there is no clear evidence of specific EU support, apart from general political support and invitations to several EU member states (Kropatcheva 2011; Yakouchyk 2016).

After the brutally repressed demonstrations, the Russian authorities provided some political support to Belarus. Russia and Russian election observers acknowledged the outcome of the presidential elections, despite the fierce criticism coming from Western countries and the OSCE. Russia’s support was less publicly visible than in previous elections, however: President Medvedev congratulated Lukashenka only few days after the election and stated that post-election events were an internal affair of Belarus.

As a response to the repression, the EU initiated a comprehensive sanction package (Portela 2011) that included travel bans and asset freezes for around 120 persons (extended to 240 persons at a later stage) who were associated with the forceful breakup

of the demonstrations (Council of the EU 2011). The EU, among others, demanded the release of political prisoners, the adoption of the new electoral code, the registration of opposition parties, as well as respect for the freedom of assembly, media, association and expression. The implementation of these measures would have dramatically changed the level of access to the political system in Belarus. Due to economic support by Russia and Belarus' weak sensitivity to the EU, however, the targeted sanctions had only minor effects on regime stability (Dragneva et al. 2018). It was not until 2011 and the Belarus economic decline that a majority of the arrested activists were freed. Andrey Sannikau was freed only in 2012 (Ash 2015).

2011 Economic Crisis

In 2011, Belarus experienced a severe balance-of-payment and currency crisis which put at risk the existing model of economic closure. At the root of the crisis was an excessive stimulation of internal demand via a strong increase of state-engineered "directed lending" as well as excessive wage increases in the end of 2010. This - in combination with a fixed exchange rate - led to a steep decrease of the current account. To defend the de-facto fixed exchange rate against the USD, Belarus' National Bank almost depleted its foreign exchange reserves. The government was forced to introduce emergency measures resulting in a massive currency devaluation and a steep inflation (Alachnovič and Naŭrodski 2011; Rubia, Kirchner, and Zaretsky 2012). The government was unable to pay its debt and maintain sufficient currency reserves, bringing the country on the verge of bankruptcy. Belarus either needed to receive external subsidies and loans or open its economy to investors and change its centrally-governed economic model.

Changes in patronage ties with Russia added to and helped alleviate the crisis. Previously, Lukashenka's inner circle, including the clique of managers of large state-owned companies, had been involved in (semi-)legal financial 'schemes' with the most popular pattern of selling to the EU goods produced from the cheap Russian oil (Całus et al. 2018). In 2009, however, Russia re-imposed export tariffs on oil exported to Belarus, which resulted in the excess of imports over exports in the Belarusian trade with Russia. Moreover, Russia's fourfold increase in tariffs on cars from Belarus (a measure adopted to protect Russian car production when Belarus acceded the EAEU), made Belarusians rush to buy external currency to purchase cars abroad (Ioffe and Yarashevich 2012). Belarus was forced to cut the official value of its currency against the dollar. This was followed by the most serious balance of payments crisis since

independence, which drained its hard currency reserves (Alachnovič and Naŭrodski 2011). Financial arrangements with Russia helped to ease the crisis: Russia provided an unexpectedly generous discount on gas prices, lowering the price per 1000 cubic meters from USD 244 to 165.6 in 2012 (Alachnovič and Naŭrodski 2011).

Belarus also profited from some more ad hoc financial arrangements after the crisis: it received USD 2.5 billion from Gazprom when selling Beltransgaz in November 2011. The crisis made the government conclude negotiations about the strategic gas pipeline that had taken many years. Belarus also received a second tranche of USD 440 million in loans from the Eurasian Economic Community and a USD 1bn loan from Russian Sberbank in December 2011. These ad hoc financial inflows allowed Belarus to stabilise its currency reserves and the state budget and avoid, at least in the short-term, the necessity to open its economic access.

In terms of sanctions and conditional offers, Belarus asked the IMF for a stabilisation loan. The Fund, however, refused the request due to the flawed implementation of reforms it had linked to a previous loan (IMF 2011). In addition, EU sanctions were still in place and limited the possibilities of exploiting business activities of the dominant coalition, whose assets were frozen in the EU. This arguably made Belarus decide to release the last political prisoners. Belarusian businessmen, however, also successfully appealed asset freezes in national courts of EU member states, such as Vladimir Peftiev, a top ally of Lukashenko, who won a case that allowed him to run his business in Lithuania during times of crisis (Całus et al. 2018).

Changes in the patronage patterns vis-a-vis Russia were one of the causes of both the political crisis accompanying 2010 presidential elections and the 2011 financial crisis. On the other hand, it was also the new patronage model, and foremostly the crisis support from Russia, that helped Belarus to alleviate the consequences of both crises, counteract possible disadvantages steaming from the EU sanctions, stabilise the internal regime and avoid opening as a result.

Azerbaijan

Azerbaijan's social order has been stable since the late 1990s. Since 2003, President Ilham Aliyev has headed the rather unified dominant coalition consisting of his family, businessmen and regional clans (Safiyev 2017), which rules by closing both the economic and political sphere (Ademmer et al., forthcoming). Since then, monopolies

linked to state officials have structured the economy. The president's family holds crucial assets in Azerbaijan's banking and construction sector (Radnitz 2012). Market access for both larger foreign investments and local small-and-medium entrepreneurs is restricted. Aliyev reduced governmental market control, but kept a tight grip on business actors (Safiyev 2017). This system perpetuates an enormous shadow economy (Guliyev 2015). Since 2012 the dominant coalition has increasingly closed the political sphere. A new law installed barriers for foreign funding of NGOs (Yusifli 2016) and further constrained the freedom of assembly (BTI 2018). Constitutional changes in 2009 and 2016 paved the way for Aliyev's leadership to continue by abolishing the presidential term and age limit and extending the presidential term to seven years.

Azerbaijan has strong interdependences with Russia, the EU and also Turkey, but is mostly sensitive rather than vulnerable to these partners. With regard to security, Russia's military support for Armenia renders Azerbaijan vulnerable to Russia, but Azerbaijan has spent 2.5-4 per cent of its GDP on the military in recent years to create a plausible (counter)threat to a potential military aggression in the Nagorno-Karabakh conflict.⁵ Furthermore, in 2013, Baku had reduced security interdependences to Russia by ending Russia's lease of a radar station in Azerbaijan. In terms of trade, Azerbaijan's import partners are diversified: key import partners are the EU (30% of imports)⁶ and Russia (12%),. The country's non-petrol exports concentrate with 30% strongly on Russia. However, given their marginal share in Azerbaijan's foreign trade volume, Azerbaijan is also merely sensitive, rather than vulnerable in this respect. Theoretically, Azerbaijan would be most vulnerable to energy trade which accounts for 80% of its export revenues and subsidizes the underdeveloped non-petrol industry (Bayramov and Abbas 2017). Practically, it constrains its vulnerability by diversifying end consumers: the largest share (65%) of petrol goes to the EU, but is distributed to various EU members. Russia, which until 2014 was a key export target, received only one per cent of petrol exports in 2015. Migration strongly links Azerbaijan to Russia, the EU. 69% of Azerbaijan's remittances originate in Russia (World Bank 2018).. While this makes individuals in Azerbaijan's regions vulnerable to changes in Russia's migration legislation, it does not affect the dominant coalition which allows them little political

⁵ EU-STRAT Database on Interdependencies in the Eastern-Partnership Area, available at: <http://142.93.104.67/main> (accessed 17 March 2019)

⁶ All trade data are UN COMTRADE data retrieved through the EU-STRAT Database on Interdependencies in the Eastern-Partnership Area, available at: <http://142.93.104.67/main> (accessed 17 March 2019)

participation and can channel energy rents to the regions to mitigate dissatisfaction. To sum up, while Azerbaijan is sensitive to external partners, it has managed to minimise its vulnerability. We scrutinize two events that unsuccessfully challenged Azerbaijan's limited access order from 2005-15.

2005 Parliament Election

The first incident is the pre- and post- parliamentary election period in 2005. Being the first election under Ilham Aliyev, both the ruling elite and opposition deemed it a litmus test for the president's power. Already in the pre-election process, the ruling elite therefore took repressive measures against the opposition and mass media. The death of a journalist provoked anti-regime protests which were attended by over 3000 people - partially with the hope for a larger revolutionary movement (Nikolayenko 2017, 208). Aliyev also sent signs of openness though, e.g. the release of select political prisoners and allowing an opposition rally in Baku (Human Rights Watch 2005). However, in response to the obviously rigged results that provided only eight seats to the opposition, thousands of protestors demanded the annulation of the results. The police violently ended the protests (Valiyev 2006).

Patronage or financial ties to Russia and the EU have trouble accounting for the stabilisation of the 2005 challenge. A new influx of energy rents through the Baku-Tbilisi-Ceyhan oil pipeline, which was opened in 2005, gave the incumbent coalition leeway to cut out businessmen whose financial capacities originated in Russia from the Azerbaijani market (Gould and Sickner 2008; Safiyev 2017). This limited Azerbaijan's vulnerability to financial flows from Russia. In addition, the dominant coalition limited Western interference by excluding NGOs with international funding schemes from the election observation (Valiyev 2006). Overall, this economic self-reliance fostered Azerbaijan's ability to shatter domestic pressure for free elections and political rights without provoking interference from abroad.

Thanks to economic growth, the leadership did not depend on external financial support to address the situation. However, political support was important. The 2005 parliamentary elections took place shortly after the colour revolutions in Georgia and Ukraine and were closely followed in Russia. Russian media consumed by the large group of Azerbaijanis in Russia supported Azerbaijan's ruling party. Putin also was the first to express his support for the new government (Valiyev 2006). To the disappointment of the opposition, which expected harsh reactions, no Western actor

pressured the elite through sanctions (Alieva 2006). Only less powerful Western actors, mainly the OSCE, severely criticised the failure to meet international standards (Valiyev 2006).

The coalition, however, crucially learned from the 2003 and 2004 colour revolutions: Aliyev made concessions such as repeating the election in selected districts to appease Western criticism (Valiyev 2006). In addition, the dynamics in Georgia and Ukraine have most likely provoked the elite's decision to demonstrate its repressive capacities in an early phase of the election in order to prevent anti-elite mobilisation. In sum, the elite benefited from ideational crisis support, absence of sanctions and elite learning opportunities.

2014 Economic Crisis

A severe financial and economic crisis hit the country in late 2014. The collapse of the global oil price led to a decline of more than 30% of Azerbaijan's GDP in 2015. In late 2015, the currency experienced a 35% devaluation. In 2016, the currency fell by 49%. The cut of state subsidies for the non-resource economy amplified social problems (Bayramov and Abbas 2017) and growing dissatisfaction sparked massive public protests in various cities. People demanded social security, employment and opportunities for SMEs. The government again responded with violence against the protesters. Baku also raised pensions and promised to encourage foreign investments (Shiriyev 2016). Lacking a transparent crisis plan, the government's response rather induced foreign businesses to leave Azerbaijan⁷ and did not substantially open the economy.

External patronage fails to explain the incumbent's ability to stabilise the situation. Indeed, two years before the crisis, Russia had re-activated personal and financial ties to selected Azerbaijani oligarchs and state officials, which were known inner-elite critics of Aliyev, and supported pro-Russian minority advocates with the aim to weaken Aliyev and urge him to join the EAEU (Cornell 2011). Despite Russia's attempt to weaken Aliyev, the dominant coalition was strong enough to keep control and stabilise the domestic situation in times of crisis. Azerbaijan's energy sales abroad accounted for a continuing inflow of rents, even if at lower levels, and ensured some economic flexibility. To bring the inflows back to previous levels, Aliyev lobbied Turkey to

⁷ The authors' interview with a business association in Azerbaijan in 2018

finalise two infrastructure projects, the Trans-Anatolian Natural Gas Pipeline (Kardaş and Macit 2015) and the Baku-Tbilisi-Kars railway. Government officials also more frequently met Turkish businessmen to attract select foreign investment.

The ruling coalition possessed enough financial capacities to redistribute rents by closing down state agencies or cutting informal bonuses (OECD 2016), which rendered material crisis support unnecessary. Sanctions have not been imposed. What is more insightful is the elite-learning dimension. Before the protests emerged, the ruling elite had already severely weakened Azerbaijan's civil society. Similar to the NGO law reform in Russia in 2006 and 2012 (Crotty, Hall, and Ljubownikow 2014), legal changes introduced in 2014 increased bureaucratic burdens and government control and imposed barriers to international funding (Yusifli 2016). Drying out the international funding urged NGOs to close offices in the regions and in Baku. While this strike against the civil society did not prevent people from protesting, it did prevent NGOs from using the momentum to further mobilise and from urging the government to keep the promise of sustainable economic opening.

Comparative conclusion

In this paper, we asked how linkages, if at all, have contributed to the stability of Armenia, Azerbaijan and Belarus. We have looked into the four mechanisms of patronage, sanctions, crisis support and elite learning and identified different types of interdependence as a potential scope condition. Analysing incidents of mass protests or economic crisis – likely challenges to otherwise closed and stable social orders – we come to the following conclusions:

Azerbaijan is the only country in our study that is not highly vulnerable to the EU or Russia in any of the sectors under scrutiny here. In case of the 2005 elections that sparked major protests, as well as the 2014 economic crisis, Azerbaijan's resource abundance shielded the country from linkage mechanisms (such as financial ties of the opposition) that may have otherwise contributed to instability. Instead, we suggest that the elite learned from similar changes in Russia and implemented strategies to keep civil society small and rather powerless. This prevented the domestic empowerment of opposition actors in times of crisis. We thus hypothesise that elite-learning should be a

dominant mechanism that can help explain changes and stability in orders that are sensitive, but not vulnerable, to external actors.

Belarus and Armenia, on the contrary, are countries that are vulnerable to Russia with regard to energy and security issues, and are merely sensitive with regard to their ties to the EU. In these cases, we have shown that patronage and sanctions associated with external actors and sectors that states are vulnerable in, matter substantially for understanding challenges to the closed orders. More ad hoc support has also contributed to overcoming crisis situations, but our in-depth analysis of the specific incidences suggests that patronage and sanctions are more strongly associated with developments in these closed orders. For instance, Russia threatened Armenia with sanctions – leading to a reversal of its decision to strengthen its ties with the EU, which it initiated in the first place to thwart some criticism against its economic model. In Belarus, changes to the financial and personal ties of the incumbent elite through changes in energy prices, for instance, strongly contributed to Belarus economic crisis in the first place. Hence, we conclude that patronage and the (threat or lack of) of sanctions are dominant mechanisms that can help us to understand changes and stability in orders that are sensitive and vulnerable to external actors.

Taken together, we suggest that the dominant mechanisms by which linkages impact regime stability vary with the type of interdependences by which two states are bound together. Further research may want to dig deeper into these differences and ascertain whether, and to what extent, these findings can be substantiated, also in other regions and time periods.

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