CHARLES UNIVERSITY

FACULTY OF SOCIAL SCIENCES

Institute of Political Studies

Department of Security Studies

Master's Thesis

2024 Benjamin Maderstein

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FACULTY OF SOCIAL SCIENCES

Institute of Political Studies
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Escaping the Bear's Claw:

The Effect of Russian Economic Statecraft on the Economic Resilience Efforts of Post-Soviet States

Master's Thesis

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In Prague on July 30, 2024 Benjamin Maderstein

References

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Abstract

Economic resilience determinants differ greatly across countries and regions. The scientific literature, however, focuses on global rather than regional determinants. Drawing on the 'recursive nature of economic resilience' and Hirschman's 'Theory of Trade Dependence', the thesis tests whether Russian economic statecraft events constitute such a regional determinant of economic resilience that has affected the export diversification efforts of post-Soviet countries between 2000 and 2014. It furthermore explores whether these diversification efforts are moderated by the level of state capture and the overall dependence on natural resources which can be observed within those countries. Utilizing fixed effects regression models with 5-year lags, the thesis' analysis confirms Russian statecraft events as a significant driver of export diversifications leading to substantial diversification efforts in post-Soviet states, two years after being targeted by an economic statecraft event. Additionally, it finds the level of state capture within a country to significantly hamper those export diversification efforts at the product level. In contrast to the 'resource curse' literature, however, it cannot confirm that this relationship is also moderated by the level of natural resource dependence a post-Soviet state holds.

Keywords

Economic Resilience, Russian Economic Statecraft, Export Diversification, Post-Soviet Region, Trade Dependence, Natural Resource Dependence, State Capture

Title

Escaping the Bear's Claw The Effect of Russian Economic Statecraft on the Economic Resilience Efforts of Post-Soviet States.

Abstrakt

Determinanty ekonomické odolnosti se v jednotlivých zemích a regionech liší. Zároveň se odborná literatura zaměřuje spíše na globální než regionální determinanty. Na základě "rekurzivní povahy ekonomické odolnosti" a Hirschmanovy "teorie obchodní závislosti" práce testuje, zda ruské ekonomické státnické události představují takovou regionální determinantu ekonomické odolnosti, která ovlivnila snahy postsovětských zemí o diverzifikaci exportu v letech 2000-2014. Dále zkoumá, zda jsou tyto diverzifikační účinky zmírněny mírou zajetí státu a závislostí na přírodních zdrojích, které lze v těchto zemích pozorovat. S využitím regresních modelů s fixními efekty a pětiletým zpožděním analýza práce potvrzuje, že ruské státnické události jsou významným faktorem diverzifikace vývozu vedou k výraznému diverzifikačnímu úsilí v postsovětských zemích dva roky poté, co se staly předmětem takové státnické události. Kromě toho se ukazuje, že úroveň ovládnutí státu v dané zemi významně brzdí tyto snahy o diverzifikaci vývozu po takové události. Na rozdíl od literatury zabývající se "prokletím zdrojů" však nemůže potvrdit, že tento vztah je rovněž zmírněn mírou závislosti postsovětského státu na přírodních zdrojích.

Klíčová slova

Ekonomická odolnost, ekonomická státnost, diverzifikace vývozu, postsovětský region, obchodní závislost, závislost na přírodních zdrojích, ovládnutí státu

Název práce

Únik z medvědího spárů vliv ruské ekonomické politiky na úsilí postsovětských států o ekonomickou odolnost.

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1. Introduction

What determines the economic resilience of a region? How do global and regional economic resilience determinants interact within the post-Soviet space? To what extent do national characteristics shape a country's economic resilience dynamics?

For several decades, economic statecraft was considered "the forgotten stepchild of foreign policy analysis" (Drezner, 2023). The use or threat of force represented the pinnacle of international relations, with economic sanctions being perceived as merely a symbolic gesture (Baldwin, 2020). Yet, in recent years, the proliferation of economic statecraft events — particularly in the guise of economic sanctions — has led to a reconsideration of this policy instrument within the academic debate. By focusing on Russia's use of economic statecraft events vis-à-vis the post-Soviet countries, the thesis at hand can be situated within this academic debate as well. Contrary to most publications, however, it does not focus on the effectiveness of Russian economic statecraft (Drezner 1999) but instead sheds light on subsequent dynamics within target countries — specifically their economic resilience dynamics.

Assessing the effect of Russian economic statecraft on the economic resilience of the post-Soviet region is relevant in at least two ways: First, the majority of studies on economic resilience have concentrated on the global level, seeking to identify the factors that contribute to the resilience of economic regions on a global scale. This global focus, however, has excluded the influence of regional and domestic determinants in shaping the dynamics of economic resilience in post-Soviet states. Analyzing the effects of region-specific statecraft and thus advancing a multi-scalar approach (i.e., taking into account global, regional, and domestic determinants of economic resilience dynamics) establishes the theoretical relevance of the thesis. Moreover, understanding the economic resilience efforts of the post-Soviet region (and how to best promote them) has far-reaching economic, strategic, and security implications. Neighboring four major powers (the European Union, Russia, China,

and Iran), a greater economic resilience among the countries of the post-Soviet region is thus not only of importance for the enduring continuity of international trade, but also serves as an essential peace-building factor for the regional, if not the international level. This, in turn, explains the empirical relevance of the thesis.

Within the academic debate on economic resilience, the thesis at hand focuses on a limited yet highly insightful aspect of the concept – the export diversification dynamics of post-Soviet states between 2000 and 2014. In doing so, it addresses one of the most prevalent approaches to economic resilience in practice and one of the most prioritized components in today's resilience indices. Consequently, it is the following two research questions which stand at the heart of this thesis: (a.) How and in which ways did Russian economic statecraft events affect the export diversification dynamics of post-Soviet countries between 2000 and 2014, and (b.) to what extent were those diversification dynamics moderated by the 'level of state capture' and the 'dependence on natural resources' within post-Soviet countries?

To answer these research questions and thus also make a valuable contribution to the questions raised at the very beginning, the thesis is divided into three parts: Chapter 2 will outline the concept of economic resilience. Concretely, it will shed light on the many dimensions the concept encompasses and assess, to what extent global determinants of economic resilience hold value in the post-Soviet region. In doing so, it paves the way for the multi-scalar aspirations of the thesis at hand. Chapter 3 will focus specifically on the role of Russian economic statecraft events as a regional determinant of economic resilience efforts in the post-Soviet space. Besides a comprehensive quantitative empirical analysis, this will also include the development of a theoretical framework grounded within the 'recursive nature' of economic resilience processes and Hirschman's 'Theory of Trade Dependence'. Chapter 4, ultimately, examines the moderating effects of national characteristics on the main effect between Russian statecraft events and the export diversification dynamics of post-Soviet countries. In particular, it will take into account the 'levels of state capture' and the 'dependence on natural resources' within targeted states.

2. Economic Resilience

To provide a robust analytical framework for the thesis' multi-scalar aspirations and the quantitative-empirical analysis to follow, this first chapter will outline the concept of economic resilience. In doing so, particular attention shall be given to (a.) its multidimensional nature, as well as (b.) its three distinctive manifestations.

Economic resilience has been at the very forefront of the economic literature ever since the financial crisis of 2008 and the fallout of the Covid-19 pandemic in 2020. In fact, given its current prominence in the field, it has already been labelled by some as the "buzzword" of economic research in the 21st century (Boin et al., 2010) resulting in numerous new studies that have attempted to define, measure, and extend the concept (e.g., Evenhuis, 2020, p. 70). One reason for this exceptional prominence within the field of research can be attributed to the (over-) use of the concept in public speeches and its adoption as a political instrument to justify economic measures (Bogardi and Fekete, 2019). A second reason, however, can be identified in the nature of the concept itself. Most generally defined as "the ability to recover from or adjust to the negative impacts of external economic shocks" (Briguglio et al., 2009, p. 233), the concept of economic resilience allows for quite distinct applications across different dimensions. A first dimension concerns the '*level of aggregate*' an economy can hold. As such, "the ability to recover […] or adjust" (ibid.) can apply to economies of various sizes. This includes, amongst others, single households and businesses (microeconomy), individual markets and industries (mesoeconomy), as well as the sum of all economic entities and their interactions (macroeconomy; Rose, 2017, p. 31). Seminal publications that have showcased this adaptability of the economic resilience concept to all economic levels, include, Runyan (2006), who has analyzed the business-resilience of small enterprises in the U.S. after the disruptive impact of Hurricane Katrina in 2005, as well as Holm and Østergaard (2015), who have assessed the industry-resilience of the Danish ICT-sector after the burst of the dot-com bubble in the early 2000s.

Drawing on those papers, a second dimension becomes evident, allowing for even further differentiation of the economic resilience concept – namely, the '*type of shock*' against which an economy can be resilient. While there are many real-life examples of "sudden major disruptions" (Sutton et al., 2023, p. 508) that can have a negative impact on an economy, including Hurricane Katrina or the dot-com bubble burst, the economic literature frequently distinguished between six broad categories of external shocks – that is "economic, institutional, organizational, environmental, technological, and epidemic" (ibid., p. 509). Furthermore, those six categories can be assigned to one of two archetypes – natural and man-made shocks (Rose, 2007). Natural shocks, on the one hand, have their origin in natural processes whose specific occurrence and magnitude are beyond human control. Alongside hurricanes, this category also includes other natural disasters such as earthquakes, floods, and forest fires, as well as pandemics and major health crises which can all lead to the destruction of critical infrastructure and the disruption of important supply chains (Shaluf, 2007, p. 688). Man-made shocks, on the other hand, are deliberately provoked by a political, economic, or societal actor. In addition to sizable financial crises, this category of shocks also includes political developments such as trade wars and international conflicts (Shaluf, 2017, p. 695).

Ultimately one has to turn to the third and most contested dimension of economic resilience, its actual *manifestation*. Given the vastly different 'levels of aggregation' (dimension 1) and 'types of shocks' (dimension 2) the concept encompasses, the pivotal question of "what is it that makes an […] economy more or less resilient?" (Martin and Sunley, 2015, p. 3) has found many different answers. A first branch makes use of the general definition of resilience in the physical and engineering sciences and identifies the manifestation of resilience in the ability of an economy 'to bounce back' from shocks to its pre-existing state or path (Holling, 1973, p. 2). Consequently, supporters of this view stress the speed and extent to which an economy can regain the equilibrium-state it has been pushed out of (Martin and Sunley, 2015, p. 5). A second branch, following the likes of Walker et al. (2002),

parts with this more physical understanding and instead turns to the ecological literature. Thereafter, resilience can be understood as the ability of an economy 'to absorb' an external shock without having to accustom its structure, function, or identity in any significant way (Martin and Sunley, 2015, p. 4). Special emphasis is thus put on the stability of an economy, i.e., the size of external economic shocks it can tolerate before having to adapt its structure (ibid.). A third branch, finally, makes use of a more psychological definition of resilience. Contrary to the first branch of thinking, which has conceptualized resilience as the ability to 'bounce back', proponents of this last branch find the manifestation of resilience to rest within the ability of an economy to 'bounce forward' and in this way anticipate and prevent future shocks (Simmie and Martin, 2010; Marcos and Macaulay, 2008).

As this thesis will be mostly concerned with the resilience of national economies (macroeconomy) and the effect of economic statecraft events (man-made shocks), it will adhere to the framework developed by Briguglio et al. (2009). Taking into account all three branches outlined, Briguglio and colleagues have provided one of the most straightforward, yet compelling frameworks of economic resilience. Thereafter, the resilience of a national economy can manifest itself in three ways, namely "shock-counteraction, shock-absorption, and the ability to avoid these shocks" (Briguglio et al., 2009, as cited in Ifrim et al., 2022, p. 197; Illustration 1).

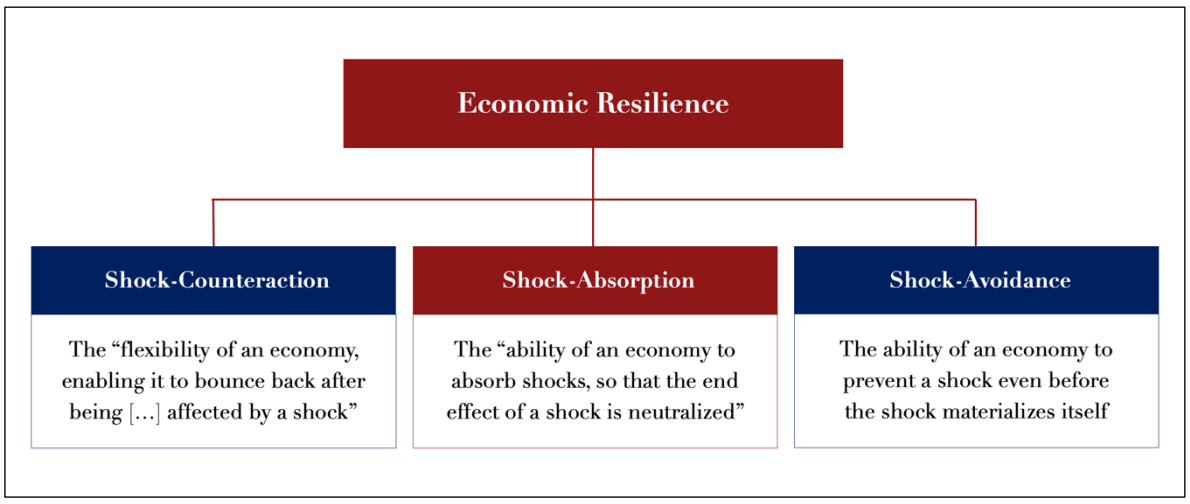

Illustration 1: *Manifestations of Economic Resilience; Briguglio et al. (2009), p. 233; Own Illustration*

What is important to note, is the fact that one can draw on all three manifestations in order to evaluate the resilience of a country – they are not mutually exclusive. The aftermath of the 2008 international financial crisis serves as a good example to showcase this point. Here, it was the Baltic countries that were initially more affected by the economic downturn than the southern European states (i.e., lower shock-absorption). At the same time, the Baltic states demonstrated a way more rapid recovery than their southern counterparts (i.e., better shock-counteraction). By 2019, for example, the Baltic countries' GDP per capita had reached standards that were higher than those observed in 2008. The southern countries, in contrast, were still struggling way below their pre-shock levels (Tagliapietra and Trasi, 2024).

Keeping this note in mind, the upcoming parts will focus exclusively on the shock-absorption capabilities of the fourteen countries of the former Soviet Union. This decision is grounded on three reasons. First, the thesis at hand does not aim to expand on already existing resilience indices which try to take into account all of the three manifestations outlined (see Hallegatte, 2014, p. 34). Instead, it seeks to carry out a more in-depth analysis of the absorption capabilities of the post-Soviet countries and the factors that determine those capabilities on the global, regional, as well as domestic level. Second, the thesis will operationalize a country's shock absorption-capabilities via its levels of export diversification. In doing so it covers one of the most conventional approaches to economic resilience in practice and one of the most prioritized components in today's resilience-indices (see e.g., Briguglio et al., 2009 which grant over 25% of their economic resilience index to a country's export diversification level, p. 1060). Third, in way of operationalizing economic resilience via a country's export diversification, the thesis draws upon a substantial body of research that substantiates the connection between a state's export diversification levels and its economic resilience. The following section will thus elaborate more extensively on this body of research, shedding light on the questions 'how to measure diversification dynamics?' (Chapter 2.1.1), and 'what determines diversification dynamics on global and regional levels?' (Chapter 2.1.2).

2.1 Export Diversification

Export diversification, defined in the abstract as the "degree to which an economy exports products across various sectors or trading partners" (UNCTAD, 2018, p. 3), enjoys a special place in the literature on economic resilience. Here, a diversified export structure is considered one of the most influential factors in determining the ability of a national economy to absorb external economic shocks (Haddad et al., 2013). The mechanisms on which this assumption is based on, are numerous. Traditionally, however, they are tied to one of two aspects of export diversification: Diversification efforts (a.) at the intensive margins or (b.) at the extensive margins.

Export diversification at the intensive margin relates to "changes in diversification among a set of goods that are commonly traded over [a certain time] period" (Cadot et al., 2011a, p. 255). It consequently occurs, when the distribution of trade values among existing products or markets (i.e., countries) becomes more balanced over time. In other words, export diversification at the intensive margins, within a time period t_0 to t_1, involves a convergence in export value shares among product lines or markets that were already exported at time point t_0 (Cadot et al., 2011b, p. 10). Researchers focusing specifically on the positive effects a greater intensive export diversification margin can have on the shock-absorption capabilities of a country have stressed several mechanisms by which this effect can be explained. Two of these mechanisms have received particular scholarly attention within recent years: A first relates to the 'speed' by which an economy with a balanced export structure can adjust to external shocks. Mania and Rieber, with their influential study of 2017, have shown that countries with a better-balanced export structure across products or markets also exhibit greater 're-composing productive capacities'. They are thus not only better equipped to neutralize the end effect of an external economic shock by shifting their productive capacities towards product lines and markets that were not affected by the shock but were also able to do so way faster than countries with lower levels of intensive diversification margins (ibid., p. 138).

Another mechanism adheres to the changes a more balanced export portfolio will entail for the domestic level of an economy. Drawing on the study by Dennis and Shepherd from 2007, it was uncovered quite early that a more balanced export structure goes hand in hand with a significant reduction in barriers to market entry and a greater competition of products. Reduced market barriers, in turn, allow for new resources (including capital, labor, and technology) to flow more freely to their most productive uses. This efficient allocation of resources does ultimately ensure that the economy remains dynamic and able to respond to external shocks by reallocating new resources to where they are needed most (ibid., p. 11). Several publications have since supported the mechanism, including country-specific case studies and more quantitative econometric studies (e.g. Kang, 2012; Persson, 2013).

Export diversification at the extensive margin concerns "the effect of newly traded (or disappearing) goods [and markets] on diversification" dynamics (Cadot et al., 2011a, p. 255). In contrast to export diversification efforts at the intensive margin, export diversification at the extensive margin occurs when the overall number of product lines or markets rises within a period t_0 to t_1 (Cadot et al., 2011b, p. 10). Here, again, two of the many mechanisms shall be highlighted, demonstrating the positive effects a greater extensive export diversification margin can have on the shock-absorption capabilities of a country. A first, and probably the most intuitive one, relates to the 'spread' by which an economy with a wider export structure can adjust to external shocks. Imbs and Wacziarg (2003), have been one of the firsts analyzing this mechanism in a systematic manner. Following the results of their influential study, countries with a greater export diversification structure at the extensive margin were better equipped to reduce dependencies on products lines or markets that may be susceptible to external economic shocks (ibid., pp. 63 f.). Besides this "simple argument [..] based on the law of large numbers" (ibid. p. 63), more concealed mechanisms have been uncovered in recent years. A prominent one relates to the empirical findings of Herzer and Nowak-Lehnmann (2006). Having analyzed the Chilean economy for the years 1962 to 2001, the two authors

find that "export diversification into completely new export sectors may generate positive externalities on the rest of the economy" (ibid., p. 1825). Central to these positive spill-over externalities is the nature of export-oriented sectors to establish contacts with international actors and expose the economy to foreign competition (ibid.). Both factors do translate into new knowledge and best practices from the international level which allow for sustainable growth as well as the absorption of shocks with minor significant changes to the structure or identity of an economy.

While the intensive and extensive margin hold a dominant standing within the literature on export diversification — providing the greatest explanatory value and being the most widely studied (Cadot et al., 2011a, p. 256) — several alternative margins have been proposed over the years. On the one hand, those alternative margins include re-definitions of the traditional margins. Brenton and Newfarmer (2007), for example, have proposed to incorporate only the potential bilateral trade flows between two countries (rather than relying on every trade flow possible), making the diversification margin more accurate for the pair of countries studied. On the other hand, alternative margins also encompass completely novel ways of understanding export diversification dynamics. The sustainability of trade flows (i.e., 'export survival') might represent the most prominent account to this end. First analyzed by Besedeš and Prusa (2006), it provides a totally new perspective on export diversification that focuses on uninterrupted durations of export flows for specific product lines and markets — not taking into account how they relate to other products or new markets. While alternative diversification margins enjoy a legitimate raison d'être and prove essential for the ongoing development of the research field, the thesis will focus primarily on the intensive and extensive export diversification margins of post-Soviet countries. As such, the two margins not only hold the greatest explanatory value for the research question at hand but are also most precise in revealing the shock-absorption capabilities of those countries. The following section will elaborate more closely on how to quantify the two margins, shedding light on the most important indices and their mathematical groundings.

2.1.1 Measurements

Although the thesis focuses on diversification dynamics, quantitative indices of export diversification usually measure "concentration rather than diversification" (Cadot et al., 2011a, p. 254). More than anything, this can be attributed to the origin of these indices. As such, the quantitative literature on export diversification draws from measures of the income distribution and income inequality research (ibid.). Given their origin, one also understands the concentration indices which are most commonly employed in the diversification literature: Herfindahl-Hirschman, Gini, and Theil. In theory, all three indices measure inequalities among export shares. In practice, however, there are quite a few differences between the three indices. It is those differences and individual strengths that shall be highlighted in the following two paragraphs, justifying the thesis' use of the Herfindahl-Hirschman index (HHI) for all market concentration dynamics, the use of the Thiel index for all product concentration dynamics, and the complete exclusion of the Gini index.

The Thiel index, first proposed by the Dutch econometrician Henri Thiel, belongs to a broad category of metrics known as the General Entropy class. It is defined as

$$\text{Thiel} = \frac{1}{n} \sum_{i=1}^{n} \frac{x_i}{\mu} \ln\left(\frac{x_i}{\mu}\right) \quad \text{where} \quad \mu = \frac{\sum_{i=1}^{n} x_i}{n}$$

The most important components of the formula include n which represents the number of distinct product lines, x_i which refers to the export value of product i, and μ which captures the average export value across all products. In contrast to the HHI and Gini, the Thiel index has decomposability properties. Accordingly, it can be "calculated for [...] export lines and decomposed additively into within-groups and between-groups components (that is, the within- and between-groups components add up to the overall index)" (Cadot et al., 2011a, p. 254; Appendix A). This in turn, allows for a more fine-grained analysis of the product diversification.

The Herfindahl-Hirschman index, named after the prominent economists Albert Hirschman and Orris Herfindahl, has been formalized by the following equation

$$HHI = \frac{1}{1-1/n} \sum_{i=1}^{n} (s_i)^2 - 1/n \qquad \text{where} \qquad s_i = \frac{x_i}{\sum_{i=1}^{n} x_i}$$

Similar to the Thiel index, its most important elements include n which represents the total number of export markets, x_i which refers to the export value to market i, and s_i which captures the share of the total export value attributed to market i. Given its intuitive nature, the HHI provides a simpler alternative in determining concentration of export markets than would be possible with the Gini or the Thiel index. In addition, the HHI is characterized by the fact that it is more sensitive to changes in dominant shares (Brezina et al. 2014). Given the paramount role of just a handful dominant export markets in many post-Soviet countries (e.g., Kot et al. 2022), this sensitivity of the HHI is of crucial importance for the thesis' objectives.

Illustration 2 summarizes the export diversification margins and measurements discussed in the previous two sections. Hereafter, the thesis will focus exclusively on the intensive and extensive margin of export diversification (i.e., concentration), quantified by the Thiel index for the product side and the HHI for the market side.

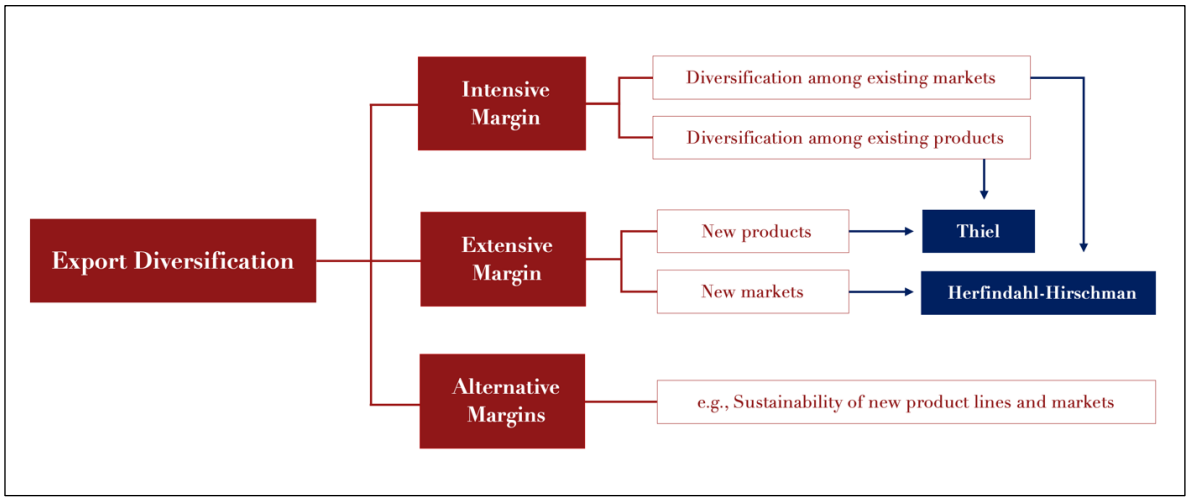

Illustration 2: *Measurements of Export Diversification; Cadot et al. (2011a), p. 256; Own Illustration*

Illustration 3 provides an initial (descriptive) overview of the product and market concentration dynamics among the fourteen post-Soviet states in question (that is, Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine, as well as Uzbekistan). The period of interest are the years 2000 until 2014. The product shares between the export product lines were calculated at the smallest level of aggregate (HS6) [1] and have been extracted from the United Nations Commodity Trade Statistics Database (UN Comtrade). Taking a closer look at the graph, two developments within this time period stand out. First, the product and market concentration dynamics among the fourteen post-Soviet countries behave quite similarly. Both indicators decline steadily until 2009 and see a simultaneous upswing in 2010. Second, export concentration dynamics experience relatively greater fluctuations at the product level than at the market level, most evident between 2008 and 2012.

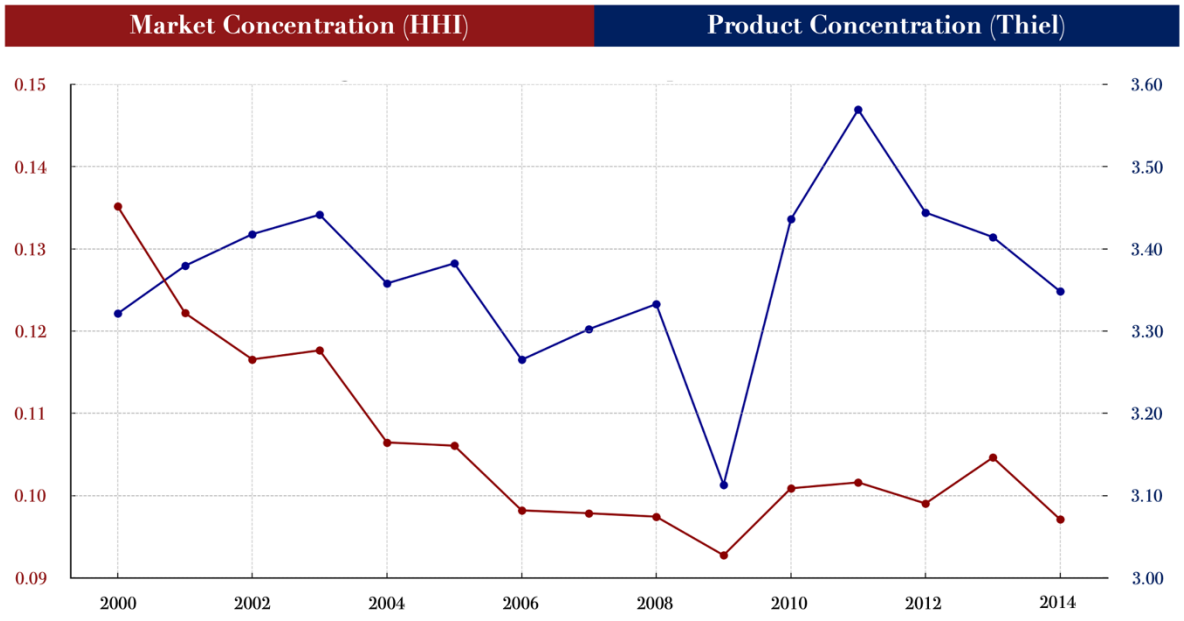

Illustration 3: *Export Concentration Dynamics among Post-Soviet States; UN Comtrade Data*

[1] According to the Harmonized Commodity Description and Coding System (HS) provided by the World Customs Organization (WCO), export product lines can be categorized into three levels of aggregate: HS2 (Chapters, 99), HS4 (Headings, ~ 1200), HS6 (Sub-Headings, ~ 5300).

2.1.2 Determinants

Having identified export diversification dynamics – such as the one displayed in illustration 3 – the key question remains, as to how one can explain them. In other words, which factors determine export diversifications dynamics to rise and fall? While at the global level (i.e., based on a global population of countries) there has been a large number of articles published, trying to account for this very question, publications focusing on the regional and domestic levels remain limited. Setting stage for the research questions at hand, this imbalance between the three levels of analysis shall be addressed in more detail – shedding light first on diversification determinants which have so far been identified at the global and regional levels.

2.1.2.1 Global Level

Assessing the trade literature on diversification determinants at the global level, one finds a number of factors that might impact export dynamics. At the most basic level, it is productivity that drives export. This mechanism, which goes back to Melitz' "new-new trade theory" (2003), acknowledges that firms hold different levels of productivity and only a portion of those firms – i.e., the most productive ones – are able to export their products. Rigorously tested at the firm level (e.g., Klinger and Lederman, 2006; Cadot et al. 2011b), the same mechanism holds true at the country level as well. Here it is GDP per Capita (as a proxy of productivity) that significantly drives export dynamics. Additionally, as has been revealed by the influential publication of Imbs and Wacziarg "Stages of Diversification" (2003), this positive correlation is characterized more precisely by a non-linear (inverted u-shaped) relationship. Consequently, the general diversifying effects which a greater GDP per Capita exhibits on a country's export diversification efforts, stop after a certain turning point, and instead foster reconcentration dynamics (p. 69). This turning point has been identified at a threshold of approximately USD 10.000 in 1985 (ibid.) and has since risen to USD 22.000 in 2005 (Cadot et al. 2011a, p. 266).

Besides | *GDP per Capita*, the thesis takes into account seven other variables that have been identified as significant determinants of export diversification at the global level. Considering the framework proposed by the World Bank in 2014 (see Longmore et al., 2014), the variables cover three of the most important categories: economic, structural, and non-economic factors (UNCCC, 2018). They include [2]

| *Economy size* proxied by a country's population size: Based on the basic law of large numbers, one should expect countries with a greater population size to have less concentrated export structures primarily due to larger domestic markets and greater product line differentiations (Parteka and Tamberi, 2008).

| *Market access* proxied by the number of preferential trade agreements (PTAs) signed: Trade agreements should exhibit negative effects on both, product and market concentration, boosting not only the overall export volumes, but also stimulating the export of new products toward new markets (Dutt et al., 2008).

| *Foreign investment* proxied by the inflow of foreign direct investments (FDI) as percentage of a country's overall GDP: FDIs are expected to reduce export concentration, given their ability to build up "domestic productive capacities through technological diffusion and spillovers" (Gamariel et al., 2022, p. 75).

| *Investment in research and development* proxied by the net expenditure on the research and development sector as percentage of a country's overall GDP: Higher investments in R&D should affect concentration dynamics negatively, proving fundamental for (technological) innovation (Mora and Olabisi, 2023).

| *Human capital* proxied by the average duration of schooling within a country: Educated workers should lessen product and market concentrations, allowing economies to move towards more knowledge-intensive goods (UNCCC, 2018).

[2] For a more detailed description of all variables (including their data sources), see Appendix B

- *Institutional quality* proxied by a combination of a country's level of corruption, rule of law, and bureaucratic efficiency: A higher quality of institutions should go hand in hand with a less concentrated export portfolios, reducing overall trade costs as well as the risk of defaulting (Chowdhury and Audretsch, 2014).

- *Democracy score*: More democratic countries should display significantly lower levels of export product and market concentrations. As such, it is democracy which is key for institutional stability and economic growth (Feng, 1997) and it is "joint democracy [that] increases bilateral trade" (Mityakov, 2013, p. 1096).

2.1.2.2 Regional Level

The plethora of determinants which have been identified at the global level (i.e., based on a global population of countries) stands in stark contrast to only a few studies that have attempted to identify similar determinants at the regional levels. This stark imbalance between the two levels is problematic in at least two ways:

From an empirical perspective, many of the determinants identified at the global level do not hold to the same extent at the regional level. Table 1 demonstrates this impressively for the post-Soviet countries. The fixed effects regressions for the product and market export diversification dynamics displayed in table 1 includes both, a global as well as a post-Soviet (subset) model for the period 2000 until 2014. The global model, encompassing 162 countries across 1130 observations, confirms most of the assumptions outlined theoretically in the previous section. As such, the regression has a significant negative effect for GDP per Capita in combination with a significant positive coefficient for GDP per Capita squared, for both, the product and market concentration index. It thus replicates the results of Imbs and Wacziarg (2003) whereafter GDP per Capita holds a quadratic relation towards a country's export diversification dynamics. Once controlled for GDP per Capita, the regression also finds highly significant negative coefficients for the other two

economic variables (Economy Size and Market Access). The structural variables incorporated in the model (Foreign Investment, Investment in R&D, and Human Capital) similarly hold the expected negative effect. Yet, contrary to what Gamariel et al. (2022) have been theorizing, the foreign investment variable does remain insignificant across both diversification indices. While this could be due to the specific refinements of the coding process applied in the course of this thesis, the dynamic is also not evident when accounting for any forms of multicollinearity. Ultimately, the two non-economic variables (Institutional Quality and Democracy Score) appear to correspond to their theoretical considerations on a global level only in terms of product diversification dynamics. For any market diversification dynamics, the expected outcome cannot be observed. Here the final effect is either not significant (Institutional Quality) or completely reversed (Democracy Score).

Table 1: *Determinants of Export Diversification, Global versus Post-Soviet Level, 2000-2014*

	Product Concentration (Thiel)		Market Concentration (HHI)	
	Global	Post-Soviet	Global	Post-Soviet
GDP per Capita	- 0.527 **	- 0.505	- 0.403 **	- 0.024
Capita GDP (sq.)	0.033 ***	0.023	0.020 *	0.015
Economy Size	- 0.070 ***	- 0.055 **	- 0.098 ***	- 0.316 ***
Market Access	- 0.001 ***	- 0.001	- 0.003 ***	- 0.002 *
Foreign Investment	- 0.001	- 0.002	- 0.001	- 0.007 *
Investment R&D	- 0.065 ***	0.033	- 0.082 **	0.413 ***
Human Capital	- 0.148 **	- 1.812 ***	- 0.596 ***	0.096
Institutional Quality	- 0.662 ***	- 0.043	0.135	- 1.151 **
Democracy Score	- 0.021 ***	- 0.039 ***	0.009 **	- 0.061 ***
Observations	1130	132	1130	132
Residual Std. Error	0.2298	0.1552	0.3522	0.2484
Adjusted R-squared	0.5866	0.8396	0.3915	0.7296
Fixed effects (year)	yes	yes	yes	yes
Fixed effects (country)	yes	yes	yes	yes

Note: **p<0.1; **p<0.05; ***p<0.01*

Turning towards the post-Soviet model, one finds that many determinants of the global model have turned less significant for the same period (highlighted in red). Encompassing 14 countries and 132 observations, this holds particularly true among the economic variables, of which only the size of a state's economy keeps a significant negative effect on post-Soviet export concentration dynamics. Similar trends can be observed for the three structural variables. Here, one can find a less significant influence of Investment in Research and Development on the product diversification efforts and an attenuated influence for the effect of Human Capital on market diversification efforts, with all other factors remaining quite identical. Eventually, both of the two non-economic determinants (Institutional Quality and Democracy Score) come closest to the effects theorized at the international level, even reinforcing some of those effects in the field of export market diversification.

Besides the empirical shortcomings outlined, the excessive focus placed on the international level is also problematic from a theoretical point of view. For years, many influential authors within the economic resilience literature have advocated for greater emphasis towards the regional and domestic level in resilience debates (Hudson, 2010; Christopherson et al., 2010; Modica and Reggiani, 2015; Martin and Sunley, 2015). At the heart of this motion rests the belief that "resilience needs to be contextualized within regions' economic landscape and with respect to their position in the global economic hierarchy" (Ray et al., 2017, as cited in Sutton et al., 2023, p. 505). Having a look at the current literature on economic resilience, however, one finds that this motion has not manifested itself in practice. Instead, most studies are still focused on the global level, and if they have turned to the regional level, virtually all attention has been paid to the countries of the western hemisphere (see e.g. Sutton et al., 2023, whose scoping review revealed that in a sample of regional economic resilience articles published between 2000 and 2022, over 77 percent were concerned with developments in Western Europe and the North American continent, while barely 5 percent of articles dealt with economic resilience dynamics among the regions of Asia, South America, and Africa, p. 504).

Considering the increasingly integrated global economy of the 21st century, in which external shocks – natural and man-made – carry significant spill-over effects among countries of one region, as well as between regions (Modica and Reggiani, 2015), it is insufficient to identify resilience determinants solely at the global level – both, empirically and theoretically. The thesis at hand, thus advocates for a more disaggregated and regional approach towards export diversification dynamics in the framework of economic resilience. Provided the underlying research question of this thesis, this also includes the need to understand the determinants of export diversification to be multi-scalar, i.e., "stemming from an array of socio-economic and political-institutional factors that vary depending on economies' inherent and inherited resources, capabilities, and characteristics" (Sutton et al., 2023, p. 510). In being context-sensitive while at the same time recognizing that reality does exist independently of human perception, the thesis can be situated in the wider realms of critical realism – ontologically and epistemologically (Gong and Hassink, 2020).

To do justice to those disaggregated aspirations, the following chapters will focus specifically on the 'post-Soviet region' – consisting of the fourteen countries of the former Soviet Union (excluding its successor state, the Russian Federation). This definition and selection of the post-Soviet region is based on several reasons. First, nearly all of the states within the region (especially the central Asian states) can be situated outside the western hemisphere and are thus not part of the 77 percent of regional studies that have been studied in greater detail. On the contrary, there is hardly any peer-reviewed academic literature focusing on determinants of export diversification in the post-Soviet countries that go beyond the ones identified at the global level. Exceptions include Domingues and Waldemar (2015), that have analyzed the exogenous relationship between the Soviet legacy of post-Soviet countries and their export diversification efforts, Vasilyeva et al. (2022) who have taken into account the role of small and medium enterprises as drivers of export diversification in the region, as well as a several publications that have looked at the effect of natural resource endowment on export diversification in the region

(see e.g., Swathi et al. (2022); Horváth and Zeynalov (2016)). Second, the fourteen states share a rich and closely linked history that has greatly influenced their socio-economic and political-institutional environment as they exist today (Domingues and Waldemar, 2015). This, in turn, allows for the assumption that external shocks in the region (especially man-made shocks, which form the basis of this study) lead to more similar shock-absorption reactions than would be the case in historically heterogeneous ones. Finally, understanding the shock-absorption capabilities of post-Soviet countries (and how to promote them) also has far-reaching security implications (Rose, 2017). Neighboring four major powers (EU, Russia, China, and Iran), a greater economic resilience among the countries of the post-Soviet region serves as an essential peace-building factor to the regional, if not the global level.

3. Post-Soviet Drivers of Economic Resilience

Having identified the theoretical and empirical gaps surrounding the determinants of economic resilience in the post-Soviet region, it is the central objective of the upcoming two chapters to address those gaps. To do so, the chapters will focus on non-economic determinants influencing the shock-absorbing capabilities of post-Soviet countries. After all, it is those non-economic variables that have proven to hold the greatest explanatory power in determining the export diversification dynamics among post-Soviet countries (table 1). In particular, Chapter 2 will focus on the effects that Russian economic statecraft has on the export diversification dynamics of the post-Soviet region. Chapter 3, building on those first results, will subsequently investigate the moderating effects that domestic characteristics (i.e., the level of state capture and the dependence on natural resources) exhibit on the effect of economic statecraft. All three factors have proven pivotal in explaining developments among and within the countries of the post-Soviet region over the last decades (see Lišanin, 2018; Pavlović, 2023) allowing for a more contextualized discussion about economic resilience that is greatly needed on the regional level.

3.1 Russian Economic Statecraft

Economic statecraft, most commonly defined as "all economic means by which foreign policy actors might influence other international actors" (Baldwin, 2020, p. 39), has been the subject of scholarly interest for quite some time. Integrating the general academic disciplines of economics (i.e., international political economy) and international relations (i.e., international security studies), several aspects of economic statecraft have been discussed in-depth. The most prominent include (a.) the various forms it subsumes, (b.) its effectiveness, as well as (c.) its objectives.

Shedding light first on its various forms, economic statecraft includes both, the use of negative and positive 'sanctions' to promote a country's interests outside its own borders (Goodman, 2020). Sanctions are thereby understood in deliberately broad terms, with 'positive sanctions' encompassing promised or actual rewards, and 'negative sanctions' referring to threatened or actual punishments (Baldwin, 2020, p. 40). Examples can be found in abundance and include, among others, favorable tariff discriminations, direct purchases, or export subsidies for positive sanctions, as well as embargos, tariff increases, and export quotas for negative sanctions (ibid., pp. 40 f.). The degree to which those rewards and punishments are ultimately effective in influencing other international actors, however, remains subject of fierce debates. While no definite answer can be found for this question, the chances of success appear to depend heavily on the characteristics of the target and the objectives pursued (Blanchard et al., 2008; Blanchard et al., 2013). Those objectives, in turn, cover a wide spectrum of commercial and strategic interests ranging from changes of a target country's overall foreign policy to more specific goals, such as imposing costs to deter the target state from escalating behavior deemed unacceptable by the sending countries (Laryš, 2023). Regardless of the different nature these objectives exhibit, they do have one common denominator, setting them apart from the concept of economic diplomacy: The goal to create dependencies in the target states that can be used as leverage (Macikenaite, 2020).

Russia has utilized economic statecraft as a central part of its foreign policy since the break-up of the Soviet Union until this very day (Svoboda, 2019). The scope of Russia's use of economic instruments to create dependencies has thereby not been limited to a single time period or geographical region. On the contrary, its recent engagement on the African continent and its deeper economic cooperation with autocracies in Latin America represent just the latest examples of a long-standing tradition (Siegle, 2021; Chaguaceda and Boersnerserve, 2022). Besides this renewed involvement outside the Eurasian continent, a central focus of Russia's efforts has nonetheless always been on its immediate neighborhood – the post-Soviet space. Especially after Putin first seized power in 2000, the Kremlin has intensified its economic statecraft efforts towards the post-Soviet countries considerably (Orsini, 2022). Holding the overall objective to discourage any former Soviet state from developing closer ties with 'the West' and, subsequently, integrating them more thoroughly into Russia's sphere of influence again (Stronski, 2020), those efforts have taken on numerous forms. Covering mostly negative sanctions, such as import bans on Georgian and Moldovan wines in 2006, to more positive sanctions, such as extensive gas price subsidies for Armenia (Tolstrup, 2013), they have focused almost entirely on commodities and sectors for which Russia holds an exclusive market position in the region (i.e., agriculture and energy). Similar to the abstract discussion on the effectiveness of economic statecraft, the extent to which Russia has been successful in creating dependencies on which the Kremlin can advance its political and strategic objectives, remains a topic of great discussion. Bordering the literature on the effectiveness of economic sanctions, it was Drezner (1999), who first attempted to answer this question for the post-Soviet region in a more systematic manner. Assessing a total of 39 instances of Russian economic statecraft from 1991 until the late 1990s, he finds varying success in the use of economic sanctions by Russia – i.e., Russia being successful only 39% of the times. Yet, those estimates stand significantly higher than those calculated at the global level – ranging from 5% (Pape, 1997) to 34% success rates (Hufbauer et al., 2008).

3.1.1 Theoretical Framework

In assessing the relation between economic statecraft and export diversification, the thesis moves beyond the limited focus that has been set on the evaluation of the effectiveness of economic statecraft. Instead, it sheds light on the dynamics in target states that have remained hidden so far. To underpin the effects of economic statecraft on export diversification dynamics theoretically, it will build upon two theories. One originating directly from the economic resilience literature, taking into account the 'recursive nature of resilience', the other one stemming from the field of international political economy, putting the effect of trade dependencies at the center of its explanatory approach. Taken together, the two accounts build the theoretical backbone of the thesis, connecting the conceptual part of the thesis with the region-specific empirical analysis to follow and answering the questions why, how, and in which ways economic statecraft affects export diversifications.

3.1.1.1 Recursive Processes of Economic Resilience

In traditional terms, economic resilience has been understood as a fixed attribute of a country, depending on exogenous factors such as its productivity or economy size and manifesting itself in one of three ways (i.e., shock-counteraction, shock-absorption, shock-avoidance; see chapter 2). Parting with this static view, more progressive voices in the academic literature on economic resilience have since emphasized the processual nature of the concept (Gunderson and Holling, 2002). Building heavily on the adaptive model of panarchy theory, economic resilience is thereby understood as a multi-step process of several elements (ibid.; Simmie and Martin, 2010) which includes, among others, the vulnerability of an economy, the initial resistance towards a shock, and its succeeding recoverability (Martin and Sunley, 2015, p. 15). The level of resilience a country holds, is, according to those voices, not determined on the basis of one attribute, but via a multi-step process.

Advancing this linear processual view of economic resilience even further, it is the likes of Martin and Sunley (2015) that have most prominently argued for a notion of economic resilience as a 'recursive process'. In doing so, the authors highlight the effect that external shocks themselves, have in boosting resilience dynamics:

> "Economic resilience is a recursive process, in that a shock and the process of recovery itself may lead to […] changes in the region's economic structure. […] Economic resilience, in other words, both shapes and is shaped by the reaction of a region's economy to [external] shocks and disturbances" (p. 16).

Consequently, it is not only exogeneous factors (static perspective) or the salience of other elements in the resilience process (linear processual perspective), but to a greater extent the external shocks themselves which can explain varying shock-absorption capabilities. Gong et al. (2020), analyzing the impact of Covid-19 within China, have provided one of the most advanced empirical analyses in this regard.

Applied to the relation between Russian economic statecraft events and the export diversification efforts of post-Soviet countries, the understanding of economic resilience as a recursive process would predict a significant effect as well. After all, those events have had a great impact on the post-Soviet economies, targeting more often than not the export structures of those countries (in detail, see Appendix C).

| Hypothesis 1: Russian economic statecraft events will have a significant effect on the export diversification dynamics of post-Soviet countries.

Looked at in isolation, the understanding of economic resilience as a 'recursive process' does, however, not provide any insights into the direction (i.e., 'how') or the nature (i.e., 'in which ways') Russian economic statecraft events impact post-Soviet export diversification efforts. To answer those questions, the thesis relies on the 'Theory of Trade Dependence', advanced by Albert O. Hirschman in 1945.

3.1.1.2 Hirschman's Theory of Trade Dependence

With his seminal work "National Power and the Structure of Foreign Trade" (1945), Albert O. Hirschman has provided one of the earliest accounts analyzing the nature of international trade and the role of national power therein. Building his theory on an empirical analysis of Nazi-Germany's trading policies in the 1930s, Hirschman comes to the general assumption, that the "structural characteristics of international economic relations […] make the pursuit of power a relatively easy task" (Hirschman, 1980, p. 16). With this critical assessment of the international economy – in which trade between states creates exploitable power-dynamics – Albert Hirschman has fundamentally advanced the theoretical perceptions about international trade that have existed up to this point. Not in a way that the notion of 'exploitative trade relations' has been anything new, but in that Hirschman has significantly shifted the academic debate about international trade relations from explanations which have centered around countries 'predatory motivations' (e.g., Gerschenkron, 1989, who explains Nazi-Germany's trade policies as an outgrowth of specific Teutonic-Prussian aggressions), towards an explanation of international trade that is prone to geopolitical manipulation by nature (Hirschman, 1980, p. 10).

At the heart of his empirical-realist theory, Hirschman puts the concept of 'gains' which can be derived from international trade (p. 18). In general, gains are defined as "the excess of the value to [a country] of the things which she imports over the value to her of the things which she could have made for herself with the capital and labor devoted to producing the things which she exported in exchange for them" (Marshall, 1923, p. 109, as cited in Hirschman, 1980, p. 18). For classical Ricardian and neoliberal theories, it is this general definition of gains which allows for the assumption that international trade will result in 'mutually beneficial' gains – providing states with the opportunity to specialize in the production of goods and services for which they hold a comparative advantage (Ricardo, 2005, p. 85). Hirschman, on the contrary, rejects this notion of 'mutually beneficial' gains in

international trade and instead points towards the asymmetrical nature of trade relations that can be observed in reality (Hirschman, 1980, p. 19). To underpin his argument, he introduces the distinction between objective and subjective gains. According to Hirschman, objective gains relate to the "physical surplus of goods made possible by the international division of labour" (ibid., p. 20). As such, they reflect closely on the general definition of gains, which are "fixed under given cost and demand conditions" (ibid.). Besides objective gains, however, Hirschman also stresses the role of subjective gains in international trade. Contrary to the notion of individual gains, subjective gains do not relate to each trading partners share of objective gains within the trade. Instead, they refer to the "subjective increase in satisfaction from trade" (ibid., p. 21) which arise in addition to the physical surplus. While neoliberal accounts would dismiss the incorporation of subjective gains as nothing more than an "exercise in futility" (Karlsson, 2008, p. 14), they do hold a significant standing within Hirschman's theory. As such, it is subjective gains that allow powerful countries to use trade as a strategic tool, while less powerful states are dependent on it by the objective benefits they gain (Hirschman, 1980, p. 23). Following the example of Hirschman, the logic of subjective gains might be best explained in way of a rather abstract illustration: Imagine two countries, A and B. Country A represents a large and flourishing nation with extensive foreign trade. Country B represents a small and underdeveloped country with limited foreign trade that is focused on just a few commodities. Let's say country A decides to import some of its supplies from country B. While it can be argued that this trade will lead to mutual benefits and interdependence (neoliberal accounts), it is quite clear that the relative importance of this trade will be much greater for country B. Even if country A would suddenly decide to trade all of country B's exported goods and services, this would only represent a negligible fraction of country's A overall share in trades. It is those asymmetrical subjective gains from trade, which put smaller countries into highly dependent positions and provide powerful countries with bargaining powers (i.e., subjective gains) that they can ultimately utilize to achieve their political, economic, or strategic aims (ibid., p. 26-33; Karlsson, 2008).

For Nazi-Germany, as the main object of interest in Hirschman's original study, this account of trade meant, the better it could form exclusive economic relations with smaller and strategically relevant countries, the better it could control them (Hirschman, 1980). For Russia, since the breaking-up of the Soviet Union in 1991, it meant, the more dependent it could keep the 'Newly Independent States' (NIS) economically, the greater its success in discouraging those states from developing ties with 'the West' and integrating them into Russia's sphere of influence again.

The explanatory power of Hirschman's theory about the nature of international trade does not end here. Instead – and of fundamental importance for the research question of the thesis at hand – he also sheds light on the behavior and responses of countries which find themselves in asymmetrical situations of subjective gains and which are threatened in their political sovereignty by economic statecraft events. According to Hirschman (1970), there are two options that dependent states can resort to, when faced with coercive economic statecraft events: Voice and Exit. Translated to the domain of international trade, 'voice' characterizes a country's articulation of dissatisfaction with the current state of a trade relation, seeking to improve or rectify the relationship "from within" (Hirschman, 1970, p. 38). Acts of 'voice' can thereby be formal, including diplomatic negotiations or trade dispute mechanisms, as well as of informal nature, involving back-channel diplomacy or industry advocacy (DaDalt and Park, 2020). As such, the concept of 'voice' reflects closely on the assumptions of neoliberal institutionalism, putting cooperation at the center of international trade relations, and identifying international regimes and institutions as the foundation on which to settle disputes (Keohane, 1984). 'Exit', as the more radical of the two alternatives, refers to the act of leaving a trade relation when unsatisfied with it (Hirschman, 1970, p. 21). On the firm level, 'exit' is analogous to how consumers stop buying a product they are greatly dissatisfied with, indicating a market failure and pushing the supplier to make improvements. In the context of international economic trade, 'exit' can take on a variety of forms, including the plain withdrawal from trade agreements, decoupling and reshoring

strategies, or the diversification of one's export shares (Hirschman, 1980, p. 85). Accordingly, 'exit' reflects game-theoretical and strict rational choice approaches, maximizing payoff of an (asymmetrical) trade by leaving it (Neumann et al., 1944).

Applied to the trade relations between Russia and the post-Soviet countries, the concepts of 'voice' and 'exit' concern the fundamental question, whether simple renegotiations 'from within' are adequate to dissolve the existing dependencies. In Hirschman's words: is it enough for post-Soviet states to raise their 'voice' or do they need to resort to more radical 'exit' strategies to protect their sovereignty? From a theoretical perspective, there is a clear preference for post-Soviet states to resort to 'exit' strategies in particular the diversification of their export portfolio:

> "If the greater trading countries have a power interest in monopolizing the trade of the smaller countries, the latter, as a defensive measure, should aim at splitting their trade equally among as many countries as possible" (p. 85).

In addition to this theoretical argument, it is the political realities the post-Soviet states find themselves between 2000 and 2014 that allows for the same assessment. As such, multilateral and bilateral channels are only of secondary importance in the region or have proven to be completely unviable to renegotiate trade deals. The best example of this can be seen in the (ir-)relevance of the Commonwealth of Independent States (CIS). Initiated to accompany the dissolution of the Soviet Union and to foster post-Soviet partnerships within the political, economic, and security sphere, CIS has proven mostly insufficient to make post-Soviet 'voices' heard. Instead, its institutional design was characterized by such weakness that trade negotiations were conducted bilaterally from the beginning (Kubicek, 2009). Similar dynamics can also be observed for the Eurasian Union (EAEU) since 2015, facing considerable barriers to act as an independent player and largely failing to promote multilateral negotiations with the Kremlin (Roberts and Moshes, 2016). Yet, also on the bilateral level, the 'exit' option has clearly trumped the desire of post-Soviet states to renegotiate trade deals with Russia between 2000 and 2014.

For all of the fourteen states, trade with Russia as a share of their total trade has gone down significantly (Hillebrand and Bervoets, 2013). To an extent that other actors, such as China, have become more important trading partners than Russia.

Within this political environment, in which 'voice' options are often not available, and post-Soviet states tend to resort to 'exit' strategies, Russian economic statecraft events serve as a catalyst for further diversification efforts making post-Soviet states painfully aware of how existing asymmetries in trade can be exploited by Russia. The introduction of Albert Hirschman's 'voice' and 'exit', therefore, not only confirms hypothesis 1, according to which Russian economic statecraft events will have a significant effect on post-Soviet export diversification efforts, but also allows one to make a statement about the direction this effect will ultimately hold:

| Hypothesis 2: Russian economic statecraft events will have a significant positive effect on the export diversification dynamics of post-Soviet countries.

Aside from 'voice' and 'exit', Hirschman also introduces the concept of 'loyalty' in his work "Exit, Voice, and Loyalty - Responses to Decline in Firms, Organizations, and States" (1970). At the firm level, 'loyalty' describes the tendency of consumers to continue buying a product or service from a supplier despite dissatisfaction or better alternatives in the market (p. 76). Similar, for the field of international trade, 'loyalty' represents a balancing factor between the two options of 'voice' and 'exit'. Here, it captures a state's commitment in maintaining trade relations with another country, despite being confronted with asymmetric gains and coercive behavior (ibid., p. 82). On the one hand, a high level of 'loyalty' may therefore delay 'exit' strategies in asymmetric trading situations and motivate countries to resort to one of the many 'voice' options first. On the other hand, a low sense of 'loyalty' may cause states not to evaluate 'voice' options in the first place, and resort to more radical 'exit' strategies immediately. What determines a country's level of 'loyalty' towards its trading partners is thereby completely different from the firm level. While for the latter, it includes things like the emotional connection to a brand,

the perceived value of a service, or the belief in long-term improvements, 'loyalty' at the international level is much more reliant on power-based factors, according to Hirschman's empirical-realist view (ibid., p. 55). Consequently, it is the degree of economic dependence within a trade relation and the availability of alternative markets that are fundamental in determining a country's relative level of 'loyalty':

> "The existing pattern of world trade tends to correlate dependence upon a few countries […]; it also brings about conditions in which the availability of alternative markets is seriously impaired" (Hirschman, 1980, p. 108).

Applying Hirschman's materialistic account to the post-Soviet region, one would assume high levels of 'loyalty' towards trade relations with Russia. Although many of the post-Soviet states had alternative markets in form of the EU and Asian states readily available to them for the period of interest (2000-2014), and their relative dependence on Russia had decreased significantly since 1991 (on average about 24 percentage points between 1994 and 2011; Hillebrand and Bervoets, 2013), their economic dependence was nevertheless still at a very high level in absolute terms. This is reflected not only in an average share of trade with Russia of about 28.9% of these countries' overall trade between 2000 and 2014 (UN Comtrade data; own calculations), but also in the importance of the markets in which Russia has been the dominant trading partner (agriculture and energy; ibid.). These high levels of 'loyalty' for the post-Soviet states, in turn, are crucial in making a judgment about the 'pace' by which export diversification dynamics can unfold. Thus, Hirschman, using the abstract example outlined above, elaborates on how it is a much more difficult process for highly dependent ('loyal') countries to resort to 'exit' options:

> "Indeed, if country A [Russia] holds an important share in country B's [the post-Soviet countries] exports, it can rely to a large degree upon the inability of B to divert its exports to third countries" (Hirschman, 1970, p. 109).

This hardship of post-Soviet states to disentangle themselves from trade relations with Russia ultimately leads to a concretization of hypothesis 2. As such, the desire to resort to diversification efforts (i.e., 'exit') in the aftermath of Russian economic statecraft can only be realized incrementally and over a certain period of time.

| Hypothesis 3: The effect of Russian economic statecraft on export diversification dynamics of post-Soviet states will materialize gradually over time.

3.1.2 Statistical Models

Hypothesis 1: Russian economic statecraft events will have a **significant** effect on the export diversification dynamics of post-Soviet countries.

Hypothesis 2: Russian economic statecraft events will have a **positive** effect on the export diversification dynamics of post-Soviet countries.

Hypothesis 3: The effect of Russian economic statecraft on export diversification dynamics of post-Soviet states will materialize **gradually over time**.

To test the three hypotheses, the thesis will follow a quantitative research design. In doing so, it fits seamlessly into the wide range of methodologies that have been adopted to examine the phenomenon of economic resilience, including, among others, resilience and sensitivity indices, statistical modelling, case study designs, and interviews (Sutton et al., 2023, p. 504). Indeed, this plethora of methods, by itself, has led to a fierce debate within the scientific literature as to which method is best suited to capture economic resilience dynamics (Martin and Sunley, 2020).

Without wishing to overshadow the benefits of qualitative designs – which appear equally suitable for an in-depth analysis of the dynamics and anomalies of post-Soviet export diversification trends (Hill et al., 2008) – the thesis hopes to obtain a more accurate picture via its quantitative approach, in particular through the comparison of resilience efforts across all of the post-Soviet states and over time.

At the very heart of its quantitative approach, the thesis performs an Ordinary Least Squares (OLS) Regression which examines the effects of Russian economic statecraft events on the export concentration dynamics of post-Soviet countries. To capture all relevant effects, the regression employs two models in the process: A first (1) taking into account the export product concentration dynamics of post-Soviet states, a second (2) with reference to market concentration dynamics. Both models focus on the time period between 2000 and 2014, excluding the profound developments that have unfolded in the region (esp. Ukraine) after 2014 and which carry increased risks of introducing unobserved heterogeneity. The dependent variables of both models have been introduced in chapter 2.1.1., encompassing the Thiel-Index for product concentration dynamics and the Herfindahl-Hirschman Index for all market-related concentrations. Additionally, both models control for the variables that have been identified at the international level (chapter 2.1.2.1).

Moreover, given the fact that "regional resilience is a highly complex process of different stages" (Gong et al., 2020, p. 500), the regression tries to filter out as much 'noise' as possible. To this end, fixed effects for both, country and year level are incorporated to account for unobserved heterogeneity and control for any time-invariant characteristics specific to one of the states. Additionally, and of great importance for the aim of this thesis, year fixed effects (by their very nature) also control for global shocks that might have had an impact on export dynamics across the post-Soviet region, further isolating the impact of Russian economic statecraft. As such, the dual fixed effects approach does greatly enhance the robustness and accuracy of the regression, preventing omitted variable biases that might be due to unobserved, time-invariant characteristics or global shocks (Chamberlain, 1982).

Ultimately, to account for changes in export concentration that have materialized over time, the regression includes lagged terms for the dependent variable of each country-year observation for a time period of five years. It thus includes the effects that economic statecraft events have on the export diversification efforts of post-Soviet countries up to five years in the future. For countries in which a second

statecraft event has already unfolded within this five-year period, lagged effects for the first event have only been included until the unfolding of the second event (e.g., Latvia experienced statecraft events in 2003 and 2006. For the first event, only the first and second lag (until 2005) were incorporated into the overall effect).

With the specifications of the quantitative approach outlined, the final regression formulas for the country and year fixed-effects models are expressed as follows:

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(1) $\text{Product Concentration}_{it} = \beta_0 + \beta_1 \text{ Statecraft Events}_{it} + \gamma \text{ Controls}_{it} + \alpha_i + \delta_i + \varepsilon_{it}$

(2) $\text{Market Concentration}_{it} = \beta_0 + \beta_1 \text{ Statecraft Events}_{it} + \gamma \text{ Controls}_{it} + \alpha_i + \delta_i + \varepsilon_{it}$

Within both regression models, *Product and Market Concentration* $_{it}$ represent the dependent variables of the two models, proxied by the Thiel and HHI export concentration indices for each post-Soviet country *i* in year *t*. *Statecraft Events* $_{it}$ represent the main independent variable of interests indicating the presence of Russian economic statecraft events for post-Soviet country *i* in year *t* in binary terms. *Controls* $_{it}$ represents a vector of all control variables that were identified at the global level for post-Soviet country *i* in year *t*. Finally, α_i and δ_i denote the country and year fixed effects, while ε_{it} expresses the two regressions' error terms.

Given the previous discussions about the dependent variables in chapter 2.1.1 and the characterization of all nine controlling variables in chapter 2.1.2.1, a distinct paragraph shall ultimately also be reserved for the operationalization of the main independent variable Russian economic statecraft events between 2000 and 2014. As outlined previously, economic statecraft has played a critical role in Russia's foreign policy towards the post-Soviet space. Especially during the presidency of Vladimir Putin between 2000 and 2008, statecraft efforts have intensified greatly.

To capture all of Russia's economic statecraft events for the period of interest (2000-2014), the thesis relies on the qualitative analysis by Hillebrand and Bervoets (2013). In conducting an in-depth inquiry about Russia's use of economic statecraft events towards the post-Soviet region, the authors have identified 27 cases of economic statecraft events across all 14 states (of which 12 were directly affected). Illustration 4 provides an initial overview of all 27 cases that have been observed [3].

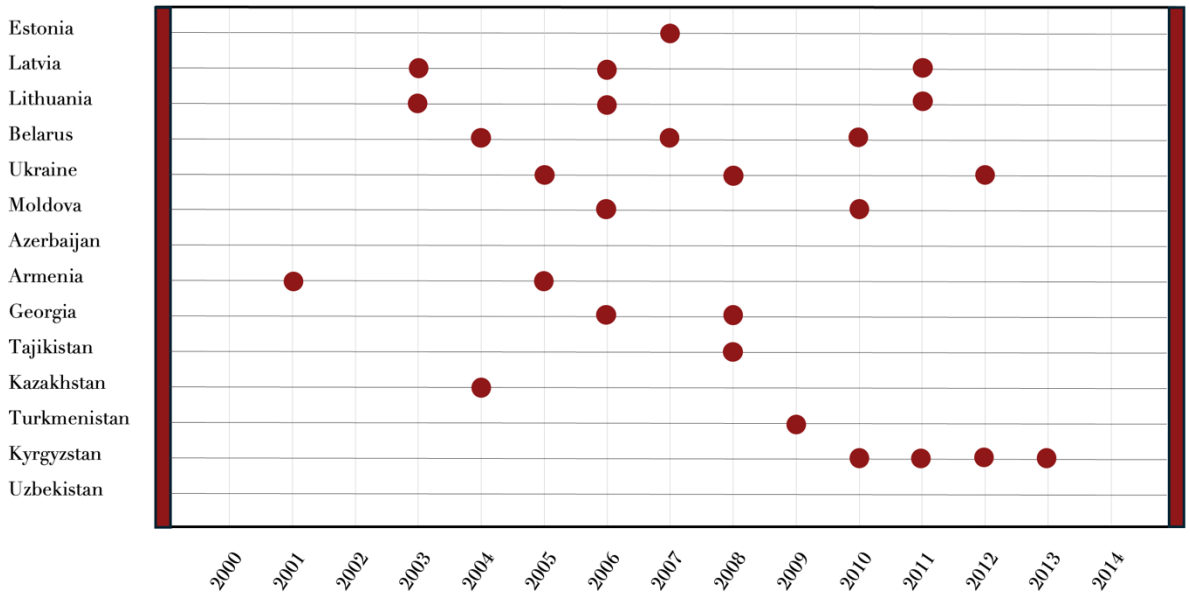

Illustration 4: *Russian Statecraft Events, 2000-2014; Source: Hillebrand and Bervoets, 2013* [4]

Across Russia's 27 uses of economic statecraft between 2000 and 2014, a couple of major themes can be identified: While in theory, economic statecraft can manifest itself in positive and negative ways (see section 3.1), Russia's use of economic statecraft has been predominantly coercive targeting, both, hostile states in the post-Soviet space as well as states with which Russia holds more friendly relations

[3] For a more detailed overview of all 27 Russian statecraft cases see, Appendix C. Additionally, Georgia, in 2006, has faced two statecraft events within one year, displayed by a single point.

[4] The qualitative account by Hillebrand and Bervoets (2013) holds significant overlap with more quantitative accounts, for example, the Global Sanction Database by Syropoulos et al. (2024).

(Woehrel, 2008; Corteweg, 2018). Furthermore, the use of Russian economic statecraft events has materialized in quite a wide range of instruments. The most prominent across all countries, however, has rested in the targeting of export structures – specifically in industries for which Russia has held a dominant share (agriculture and energy). Examples of this can be found in plenty. The Russian embargo on Georgian wine in 2006 – affecting over 70% of its wine export – has been the most widely cited instance in this regard. Yet, similar import embargos have also been enacted against Moldovan wine in 2006 and 2010, or Latvian pork imports throughout 2011 (Hillebrand and Brevoets, 2013, pp. 22 f.). Finally, in addition to these formal import restrictions, Russia has increasingly relied on informal (i.e., non-tariff) barriers to trade as an instrument of economic statecraft. As such, informal sanctions represent a more nuanced and obscured option for the Kremlin to put pressure on the post-Soviet states (Cooley, 2017). Russia's instruction to its own citizens in 2007 to boycott Estonian products and abstain from visits its neighboring country may be the most prominent case in the period under review (Hillebrand and Brevoets, 2013, p. 20). Given their masked nature, informal sanctions are mostly excluded in formal sanction databases. The more qualitative approach by Hillebrand and Brevoets, in contrast, provides a more inclusive picture in this respect, counting over 10 cases of informal statecraft and thus providing more accurate results about the effect of Russian statecraft events.

3.1.3 Statistical Results

Table 2 and 3 display the results for the fixed-effects regression models of Russian economic statecraft on the product and market diversification of the post-Soviet states across five lags. Doing so, a total of three key trends can be identified. First, one finds Russian economic statecraft events to indeed hold a significant effect on the export diversification dynamics of post-soviet states. For the product level, this is evident for the second and third year after a Russian economic statecraft event has unfolded in the post-Soviet region. The second lag, especially, stays significant

Table 2: *Effects of Russian Economic Statecraft on Post-Soviet Export Product Concentration, 2000-2014*

	Product Concentration (Thiel)					
	0	1	2	3	4	5
Statecraft Event $_{t}$	0.0011					
Statecraft Event $_{t+1}$		-0.0044				
Statecraft Event $_{t+2}$			-0.1065 **			
Statecraft Event $_{t+3}$				-0.0419 *		
Statecraft Event $_{t+4}$					-0.0216	
Statecraft Event $_{t+5}$						-0.0369
Observations	135	123	117	108	99	90

Table 3: *Effects of Russian Economic Statecraft on Post-Soviet Export Market Concentration, 2000-2014*

	Market Concentration (HHI)					
	0	1	2	3	4	5
Statecraft Event $_{t}$	0.0417					
Statecraft Event $_{t+1}$		-0.0540 *				
Statecraft Event $_{t+2}$			-0.0257			
Statecraft Event $_{t+3}$				0.0093		
Statecraft Event $_{t+4}$					-0.0592	
Statecraft Event $_{t+5}$						-0.0653
Observations	135	135	135	135	135	126

Note: Regressions control for GDP per Capita, Economy Size, Market Access, Foreign Direct Investment, Investment in Research and Development, Human Capital, Institutional Quality, Democracy Score, and year and country fixed effects. There is a total of 14 countries. * significant at the 10 % level; ** significant at the 5 % level; *** significant at the 1 % level.

at the five percent level across several model specifications and variable changes. Additionally, for the market level, a significant effect can be observed after one year. As such, Hypothesis 1 which has theorized a significant effect based on the 'recursive nature of economic resilience' and Hirschman's assumptions about the nature of international trade and national power can be confirmed. Second, all of the three significant estimates are in the negative, indicating a downward trend in export concentration (!) dynamics after being made target of Russian economic statecraft. Translated into the 'language of diversification', Russian economic statecraft events lead to increased export diversification efforts among the post-Soviet states, for both, the product and market levels confirming hypothesis 2.

Ultimately, turning to the temporal dimension in which the post-Soviet export concentration dynamics are situated, one does not find a gradual materialization of diversification efforts as assumed by hypothesis 3. Instead, both, product and market diversification are characterized by an early drop in export concentration scores in year 1 and 2 respectively, which then ease off over the following 2 years. Illustration 4 provides a more intuitive presentation of this rather abrupt dynamic.

Faster diversification of export markets than product lines can thereby be easily explained. As such, governments can diversify markets faster via already existing trade agreements or diplomatic relations than they are capable to diversify product lines through innovation hubs or industry-specific infrastructure (Jolo et al., 2022).

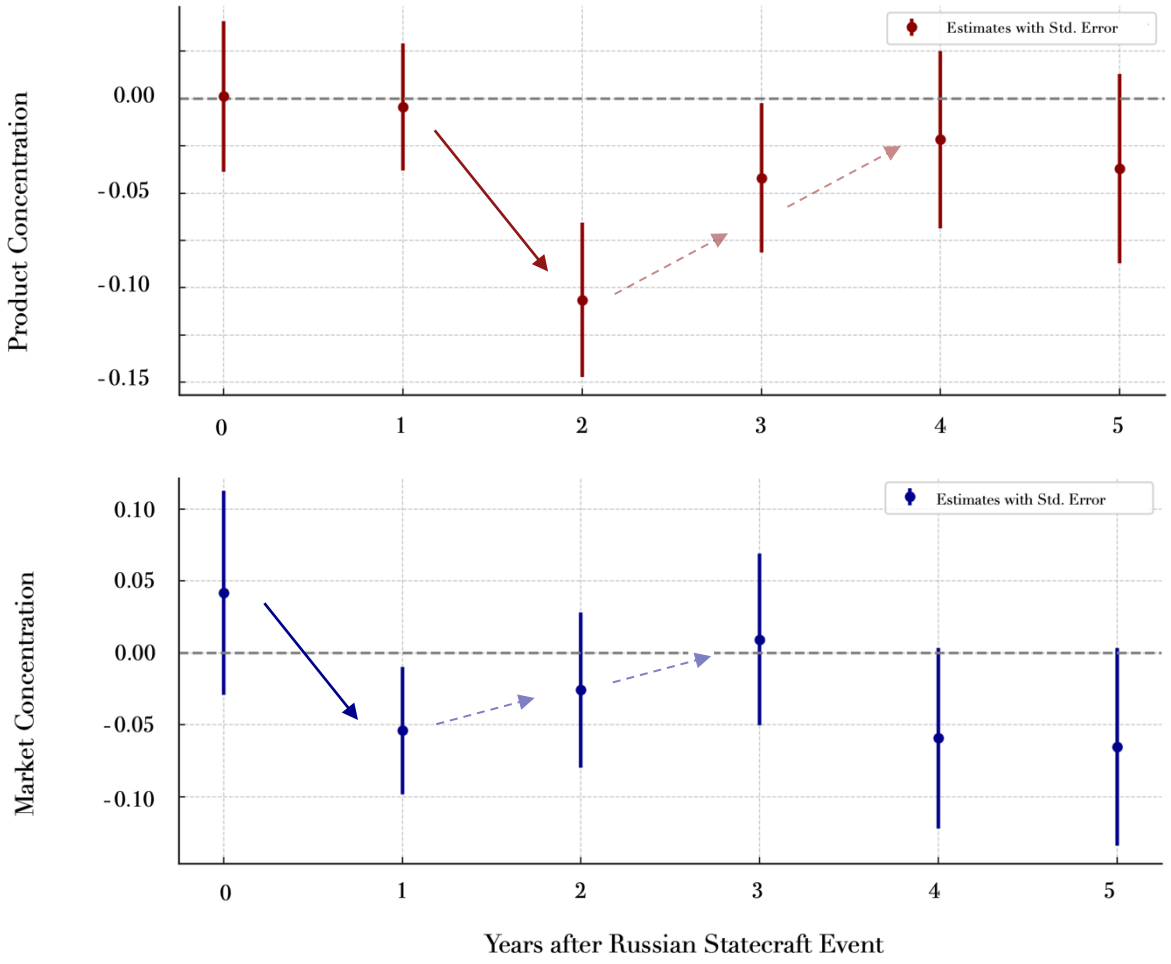

Illustration 4: *Visualizations of (lagged) Regression Effects at the Product and Market Level, 2000-2014*

Moreover, firms face significantly lower transaction costs in diversifying their trade routes and understanding new regulatory environments than they do by means of developing new products or diversifying their existing product lines (Young, 2013).

What is, however, not as easily explained and somewhat contradicts the theoretical framework proposed, is the way in which post-soviet states are able to immediately diversify their exports when faced with Russian economic statecraft. Hirschman's account of 'loyalty' towards Russian trade relations thus seems to either not apply or operate at levels much lower than expected. Different theoretical accounts prove to be of greater validity in this respect. Network and institutional economic theories, for example, have emphasized the overarching role of regional and international organizations, in which many of the post-Soviet countries achieved membership status in the early 2000s. These memberships, in turn, have opened up a rich network of potential trade partnerships – the formalization of which may be triggered by Russian statecraft events (North, 1990; Maluck and Donner, 2015). Similarly, it is globalist accounts that assume faster diversification processes than the ones hypothesized by Hirschman, putting a special emphasis on how post-Soviet countries can integrate into new markets and products more easily than in the past, thanks to global supply chains and global trade networks (Baldwin, 2016).

3.1.4 Discussion

All things considered, Russian economic statecraft does appear to be a significant regional determinant of export diversification dynamics in the post-Soviet space. Post-Soviet states which have been exposed to statecraft events do systematically diversify their export product and market structures to a greater extent than states that have not been made a target. This finding has several important implications:

First, within the general discussion on economic resilience, this empirical finding underscores the argument that regional determinants should not be overlooked when trying to explain economic resilience efforts (Martin and Sunley; 2015, Ray,

2017; Hudson, 2010,). On the contrary, given the weakness of global determinants to explain economic resilience dynamics in the post-Soviet region (chapter 2.1.2.2), regional determinants appear to be of paramount relevance here – setting the stage for more regional factors to be included in the models and analyzed in more depth.

Second, the finding advances the discussion about the effectiveness of Russian economic statecraft. Russia, hoping to regain its former power status by utilizing (coercive) economic statecraft events towards the post-Soviet region has not only experienced limited success in the short-term (only 22% of the 27 statecraft events between 2000 and 2014 have led to any significant concessions; 38% in the 1990s, respectively; see Hillebrand and Brevoets, 2013, p. 15; Drezner, 1999), but has, in unintentional ways, also encouraged increased economic resilience efforts in the long-term. Efforts which run contrary to Russia's overall objective to integrate the post-Soviet states more thoroughly into its sphere of influence again. As such, the finding of this thesis backs the assumption by Hillebrand and Brevoets (p. 2), that "a less aggressive Russian strategy in the 1990s – though it might have brought smaller short-term gains – could have better served Russian's long-term interests".

Ultimately, the effect of Russian economic statecraft on post-Soviet diversification efforts has far-reaching policy implications for external actors, especially the EU, China and other bordering Asian countries. Russian economic statecraft events have shown to create a strong incentive within post-Soviet countries to (quickly) diversify their exports. If Asian and European powers provide the corresponding markets to realize those incentives – or make their markets even more attractive in the aftermath of Russian economic statecraft events – this will not only result in economic benefits for those very actors. It will also enhance the economic stability and security within their immediate neighborhood and serve as an easy 'way in' to promote future good governance practice and other kinds of institutional reforms.

4. Domestic Moderators of Economic Resilience

In Chapter 2, it was revealed how global diversification determinants play a largely insignificant role within the post-Soviet regions. Chapter 3, trying to fill this gap, has highlighted the significance of Russian economic statecraft events as a regional driver of diversification efforts. Chapter 4, ultimately, will satisfy the multi-scalar and disaggregated aspirations of the thesis at the domestic level. Here, it is the effects of 'state capture' and the dependency on natural resources that will be analyzed in more detail. Specifically, the chapter will shed light on the ability of the two factors in moderating the main effect of Russian economic statecraft on export diversification efforts among post-Soviet countries. As such, state capture and natural resource endowment not only play a key role in the socio-economic and political-institutional environments of the post-Soviet states (Pavlović, 2021; Horváth and Zeynalov, 2014), but do also vary considerably among those states. Thus, they could enable an explanation of the variation in diversification that can be observed in the previous regression results. Furthermore, both factors fit well into the theoretical framework advanced by Hirschman. Holding a direct impact on the level of dependence towards Russia, a detailed analysis of state capture and natural resource endowments will thus allow one to understand why some of the post-Soviet countries have been better able to resort to 'exit' strategies than others.

4.1 State Capture

The concept of state capture finds its origins in the publication of Hellman et al. (2000; 2003). Hereinafter, it is defined as "efforts of firms to shape the formation of the basic rules of the game (i.e., laws, rules, decrees and regulations) through illicit and non-transparent private payments to public officials" (Hellman et al. 2003, p. 756). Special emphasis is thereby given to the 'basic rules of the game' relating to political, legal, and judicial control at the highest level of government.

Since its introduction to the academic debate in the early 2000s, state capture has gained quite some prominence. This is not only due to the fact that state capture has been of great use in explaining the transitional changes that have followed the dissolution of the Soviet Union in 1991, but that it has since also served as a great explanatory approach for developments in states that were once considered stable democracies (David-Barrett, 2021). At the same time, it is this prominence that has produced different perceptions of the concept. To convey one meaning of state capture and how it will be applied in this paper, two distinctions shall be made: (a.) towards the concept of 'corruption' and (b.) towards the concept of 'influence'.

(a.) While some authors have proposed to combine the concepts of state capture and corruption provided their nature to "manipulate processes" (Nyberg, 2021, p. 584) and others have understood state capture as an abstract umbrella term that subsumes corruption (Bag, 2024), the thesis at hand will follow a more nuanced differentiation of the two concepts. As such, state capture and corruption differ substantially in the scope and impact they pursue. While 'general corruption' encompasses all forms of manipulations and consequently also includes simple instances of fraud or bribery, state capture focuses exclusively on the systematic and strategic manipulation of decisions at the highest level of the state (Fazekas and Tóth, 2016). As a result, state capture can lead to significant changes in policy that favor small and informal networks at the expenses of greater societal costs (Hellman et al., 2003, p. 751). General forms of corruption, in contrast, might only have an impact on specific processes rather than the overall integrity of the state.

(b.) Furthermore, a clear distinction must be made to the concept of 'influence'. Within 'captured states', private interests hold extensive control over important state decisions and industries, state mechanisms are manipulated in a way that they generate private rents, and market competition is stifled (Lindsey and Teles, 2017). In contrast, 'influence' outside captured states generally relates to a "firm's capacity to have an impact on the formation of the basic rules of the game without necessary recourse to private payments to public officials" (Hellman et al., 2003, p.

7546). Consequently, it is a form of control that is far less radical and finds it manifestation in the form of campaign contributions, lobbying activities, or other public-affairs strategies (Campos and Giovannoni, 2007). While 'influence' can similarly lead to beneficial policy outcomes, it does not involve a comprehensive restructuring of economic or regulatory processes, as it is the case for state capture.

Based on its differentiation towards the concepts of 'corruption' and 'influence', state capture has advanced to one of "the most appropriate unit[s] of analysis" for developments in transitioning economies (Wedel, 2021, p. 1). As such, it is within 'economies in transition' that newly created institutions are most vulnerable to financial manipulation and in which analyzing informal systems rather than formal institutions promises the greatest insights (ibid., p. 3). The eastern European and post-Soviet states have been a textbook example of such 'economies in transition'. With the collapse of the Soviet Union in 1991, many of these countries have moved away from centralized command economies and communist structures towards more market-oriented approaches. Within this transitional environment "informal groups and networks have shaped and continue to help shape many of the […] economic, political, and societal developments in Central and Eastern Europe and the former Soviet Union" (Wedel, 2021, p. 1). Evidence on the workings of such informal groups and networks can be identified in various contexts. In Romania, it was "unruly coalitions" (Verdery, 1996, p. 193) that have controlled a substantial part of the political processes in the post-communist period. In Hungary, it was "restructuring networks" (Stark and Bruszt, 1998, pp. 142 ff.) that have influenced many of the country's privatization processes. In Poland, it was the "srodowisko" which has held a firm grip on the political and business processes of the country (Wedel, 1992). For the post-Soviet states, ultimately, it has been informal groups that build around individual business magnates, which have been of the greatest relevance for processes of state capture within the 21st century (Marandici, 2014). Here, it is business oligarchs, such as the likes of Vladimir Plahotniuc (Moldova), Kulibayev (Kazakhstan), Karimova (Uzbekistan) or Bakiyev (Kyrgyzstan), to name a

few, that have invested their economic and political capital to promote 'oligarch state capture' i.e., „situation[s] where business magnates exert influence over all three branches of government through extensive network" (Marandici, 2021, p. 61).

In the last couple of years, it was the impact of (oligarch) state capture on economic development that has taken center stage and produced various insights (Cingano and Pinotti, 2013; Alstadsæter et al., 2018). The effect of (oligarch) state capture on export diversification has thereby been viewed in mostly negative terms. Hence,

> "[a] feature of state capture is that economic activity tends to become skewed towards the sectors that the elite can best control, reducing opportunities in other parts of the economy and constraining the economic diversification which is generally regarded as important for long-term development. Over time, the economy may become […] dependent on commodities, for example, which are more easily captured and controlled" (Dávid-Barrett, 2023, p. 236).

Based on this mechanism, first proposed by Dávid-Barrett, one might also expect export diversification efforts to be significantly hindered in state-captured, post-Soviet countries which have been made subject to Russian statecraft (2000-2014). After all, oligarchs advancing state-capture in said countries, have no incentive to influence the political and economic processes in a way, that they would diversify the economic sector they themselves have control over, and which has proven most profitable for them (provided this sector was not by itself a target of statecraft and there was a no deal with Moscow in the first place; in more detail, chapter 5).

| Hypothesis 4: The higher the level of state-capture within a post-Soviet country, the lower its export diversification efforts after a Russian economic statecraft event.

4.1.1 Statistical Models

As of today, the concept of state capture has been debated and analyzed for nearly twenty-five years. Nevertheless, the debate has not resulted in any agreed upon or uniform way on how to measure the phenomenon (Fiebelkorn, 2019). To a great extent, this can be "blamed" on the phenomenon's difficulty of measurement. As such, state capture – by its very nature – is hidden and detrimental (Campos and Giovannoni 2005, Duvanova 2007). Trying to sidestep this hidden nature, three approaches of measuring state capture among the post-Soviet states have gained greater popularity. A first results from the direct quantification of the political and economic power of individual business magnates (oligarchs). Marandici (2024), and his brand-new dataset on the "sociodemographic characteristics of the super-rich across the former Soviet republics" (p. 1) provides the best example in this regard. A second approach rests within the strengths of qualitative research designs. Here, it is most often the in-depth analysis of high-level processes and structures that aims to uncover instances of state capture. Fazekas' and Tóth's (2016) account of radical state capture dynamics after the Hungarian elections in 2010, as well as Martin's and Solomon's (2016) analysis of state capture dynamics within South Africa might represent the most prominent cases to this end. A third approach, finally, stems from the utilization of survey data. Hereby, it is the firms within transitioning countries itself which are asked about their perception of state capture, rather than relying on the perceptions of country experts or the general public (Young, 2011). The most prominent account of such state capture surveys in the post-Soviet region can be identified at the hand of the Business Environment and Enterprise Performance Survey (BEEPS – which has been implemented in parts on the basis of Hellman et al. (2003)). In analyzing state capture from the 'bottom-up' (i.e., the microlevel), BEEPS not only provides a more disaggregated way of analyzing state capture dynamics within post-Soviet countries than any of the oligarch-focused (quantitative) or country-focused (qualitative) approaches are capable to but will thus also be key in operationalizing state capture for this thesis.

Commissioned by the World Bank and the European Bank for Reconstruction and Development in 1999 and complemented by five more waves (2002, 2005, 2009, 2012 2016), BEEPS aims to study 'business environments in transition' across 52.000 enterprises in 27 countries. In particular, it focuses on the post-Soviet and Eastern European states and contains "many questions that are specific to the experiences of firms in these countries, including questions on state capture" (Young, 2011, p. 2). Of particular interest here, is question 68 (in later waves question 59, 44 and 7a) of the BEEPS questionnaire that asks post-Soviet firms to "what extent the sale of Parliamentary votes on laws to private interests has had an impact on their business" (World Bank, 1999, p. 27). In doing so, the question not only aims at one of the highest levels of government in contrast to general forms of corruption but also avoids firms to make any self-inflicting statements and thus provides a more accurate level of state capture within the country (Fiebelkorn, 2019, p. 15). Harmonizing the categorical answers to question 68 across all of the six waves (see Appendix D), the average levels of state capture for post-Soviet states encompass:

Country	Average '00 - '14
Latvia	0.0021
Estonia	0.0043
Lithuania	0.0053
Uzbekistan	0.0073
Azerbaijan	0.0139
Kyrgyzstan	0.0436
Georgia	0.0487
Kazakhstan	0.0667
Belarus	0.0778
Armenia	0.1111
Tajikistan	0.2415
Ukraine	0.3092
Moldova	0.5361
Turkmenistan	–

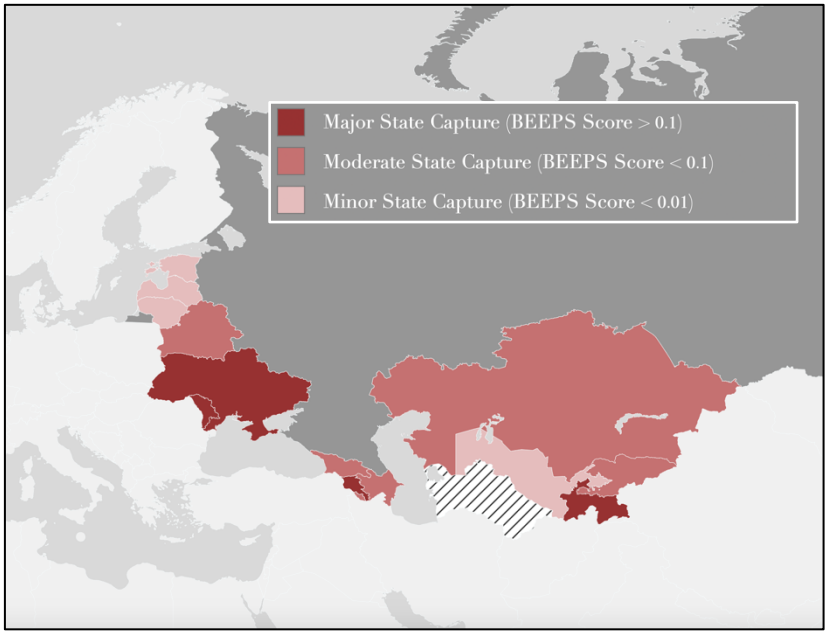

***Illustration 5**: Average Level of State Capture within Post-Soviet States (2000-2014)*

It is particularly the post-Soviet states in Eastern Europe and the South Caucasus region that – on average – hold the greatest levels of state capture between 2000 and 2014. The states of central Asia provide a rather mixed picture, with the Balkan countries displaying the lowest scores of state capture among all fourteen states [5]. Unfortunately, Turkmenistan has not been included into the BEEPS survey data.

To formally test the moderating effects of a country's level of state capture on the positive effects between economic statecraft and export diversification efforts, an additional | *StateCapture* variable will be introduced to statistical models (1) and (2). More specifically, models (3) and (4) include an interaction term β_3 that quantifies to which extent the combined presence of Russian economic statecraft events and a post-Soviet countries level of state capture affect its overall product and market export concentration dynamics. All other variables (including the control variables outlined in section 2.1.2.1), the country and year fixed effects, as well as the five lagged terms have been adopted from the previous model specifications (1) and (2).

$$(3)\quad \text{Product Concentration}_{it} = \beta_0 + \beta_1\ \text{Statecraft Events}_{it} + \beta_2\ \text{StateCapture}_{it} + \beta_3\ (\text{Statecraft Events}_{it} \times \text{StateCapture}_{it}) + \gamma\ \text{Controls}_{it} + \alpha_i + \delta_i + \varepsilon_{it}$$

$$(4)\quad \text{Market Concentration}_{it} = \beta_0 + \beta_1\ \text{Statecraft Events}_{it} + \beta_2\ \text{StateCapture}_{it} + \beta_3\ (\text{Statecraft Events}_{it} \times \text{StateCapture}_{it}) + \gamma\ \text{Controls}_{it} + \alpha_i + \delta_i + \varepsilon_{it}$$

---

[5] With this general categorization of the post-Soviet regions, the BEEPS data do – in general terms – reflect on other indices that take into account corruption in the political, legal and judicial sphere. Especially the Corruption Perceptions Index (CPI) by Transparency International confirms the ranking carried out here.

4.1.2 Statistical Results

Table 4 and 5 display the results of regression models (3) and (4). Two different trends can be identified for the two export levels in question. At the market level, we find no significant effect across all five lags. And while the significance level is by no means the solitary indicator for the existence of an effect, one can say with reasonable confidence that the influence of oligarch groups has no effect on the export market diversification of post-Soviet states after a Russian statecraft event.

Table 4: *Moderating Effects of State Capture on Post-Soviet Export Product Concentration, 2000-2014*

	Product Concentration (Thiel)					
	(0)	(1)	(2)	(3)	(4)	(5)
Moderation $_{t}$	0.0044					
Moderation $_{t+1}$		0.0258				
Moderation $_{t+2}$			**0.1053 ****			
Moderation $_{t+3}$				- 0.0167		
Moderation $_{t+4}$					- 0.0467	
Moderation $_{t+5}$						0.1086
Observations	135	126	117	108	99	90

Table 5: *Moderating Effects of State Capture on Post-Soviet Export Market Concentration, 2000-2014*

	Market Diversification (HHI)					
	(0)	(1)	(2)	(3)	(4)	(5)
Moderation $_{t}$	- 0.0088					
Moderation $_{t+1}$		- 0.0045				
Moderation $_{t+2}$			0.0578			
Moderation $_{t+3}$				0.0152		
Moderation $_{t+4}$					- 0.0403	
Moderation $_{t+5}$						- 0.0085
Observations	135	135	135	135	135	126

At the product level, on the contrary, we find a significant effect. In particular, two years after the unfolding of a Russian economic statecraft event, we find a positive moderating effect on the main effect between Russian economic statecraft events

and the export product diversification of post-Soviet states. The interpretation of this positive moderating effect is thereby a little more complicated than initially assumed. A step-by-step breakdown of the effect may help here: Given the result of the regression, (1) higher levels of state capture appear to have a positive moderating effect on the negative main effect of Russian statecraft on export product **concentration**. This, in turn, means that (2) the negative main effect of Russian statecraft on the product **concentration** of post-Soviet states is (positively) dampened. Flipped into the 'language of diversification', this ultimately implies that (3) higher levels of state capture within a post-Soviet country lead to lower export product **diversifications** dynamics in that post-Soviet country specifically two years after being made target of a (coercive) Russian economic statecraft event.

Provided the two deviating effects of state capture for the export diversification of post-Soviet countries, Hypothesis 4 can only be partially confirmed: Higher levels of state capture lead to lower levels of product-, not market diversification efforts.

4.2 Natural Resources

Besides state capture, it is natural resources that have proven to be a significant factor in explaining economic and political developments in the region. As such, most of the countries in the post-Soviet region, specifically those situated in the South Caucasus and Central Asia, are holding a fortune of natural resources and generate large proportions of their GDP on the basis of those resources (Gawrich and Franke, 2011). Azerbaijan for example, benefits greatly from the oil and gas reserves it has tapped into in the South Caspian Sea (Shah Deniz gas field, Azeri-Chirag-Gunashli oil fields), covering over 37 percent of its GDP and 90 percent of its exports (UN Azerbaijan, 2023, p. 6). Turkmenistan, in similar ways, made use of its gas reserves in the Caspian Sea. Representing about ten percent of the global gas occurrences those reserves add up to over eleven billion USD in the export portfolio of Turkmenistan annually (World Bank, 2023). Kazakhstan, ultimately,

serves as the geographically largest example of the three. Besides its extensive gas and oil reserves, Kazakhstan also represents the world's leading producer of uranium, ranks third in the production of titanium, and eighth for lead (ITA, 2022).

The academic literature analyzing the economic implications of natural resource dependencies – such as the one depicted for Azerbaijan, Turkmenistan, as well as Kazakhstan – has for the most parts focused on the implications for a country's economic growth ("resource curse" literature; Sachs and Warner, 1995; Gylfason et al., 1999; Ross, 2015). In analyzing the moderating effects that natural resource dependencies have on the export diversification efforts of post-Soviet countries in the aftermath of Russian economic statecraft, the subsequent sections can – in the widest sense – be ascribed to the "resource curse" literature as well. Within here, the effects of natural resources on export diversification are generally assumed to be negative. The study by Bahar and Santos (2018), for example, concludes:

> "countries with larger export shares of natural resources tend to have more concentrated non-resource export baskets as well, dominated by changes in the intensive margin [i.e., diversification of existing products and markets], rather than the extensive margin [i.e., new product lines and markets]" (Bahar and Santos, 2018, p. 103, as cited in Zarach and Parteka, 2023, p. 3).

With their finding, Bahar and Santos reflect on nearly three centuries of empirical research that has been conducted on the relationship between natural resource dependencies and export diversification dynamics. The most important theoretical mechanisms underpinning this (negative) empirical relation have been identified in four areas: (1) the "Dutch disease", (2) rent seeking behaviors, (3) the disregard to update one's economic structures, as well as (4) the overall neglect of education.

First, dependence on natural resources goes hand in hand with the depletion of other (non-resource) economic sectors within a national economy. This effect – which is commonly referred to as "the Dutch disease" (Cordan and Neary, 1982)

has been observed in the post-Soviet regions as well (Egert, 2012). Here as it is the case in the global population natural resources attract most of the investment and labor among all economic sectors. Consequently, they skew the distribution of export shares away from the technological, manufacturing, and service sectors toward exports of natural resources only (Horvátha and Zeynalov, 2016, p. 141).

Second, resource-rich countries appear to be plagued by rent-seeking behaviors (Deacon and Rode, 2012). Those behaviors and the resulting damages they entail for society at large, not only distort the allocation of resources in the economy, but also reduce both, economic efficiency and export diversifications (Bardhan, 1997).

Third, reliance on natural resources is an "obstacle to qualitative upgrading and progress towards more advanced economic structures" (Zarach and Parteka, 2023). Combined with the fact that "diversification and quality upgrading should be viewed as complementary in the development process" (Henn et al., 2020, p. 422), this supports a negative view between natural resources and export diversification.

Finally, "natural wealth may blind [states] to the need for educating their children" (Gylfason, 2001, p. 850). Indeed, school enrolment rates appear to be significantly lower in countries heavily reliant on natural resources (ibid., Cockx and Francken, 2016). This in turn, has a direct impact on the export diversification levels of a country, locking workers in primary industries and preventing the development of high-skilled labor and high-quality capital (Gylfason, 2001, p. 856; Wood, 1999).

Based on those four mechanisms and the empirical literature supporting them, one might also expect export diversification efforts to be significantly hampered in highly resource dependent post-Soviet states after an economic statecraft event.

> | Hypothesis 5: The more dependent a post-Soviet country on natural resources, the lower its export diversification efforts after a Russian economic statecraft event.

4.2.1 Statistical Models

To capture natural resource dependencies within post-Soviet countries, the thesis relies on the World Bank's Development Indicators. Specifically, it will exploit on the indicator providing an annual estimate of the total natural resource rents as a percentage of the total GDP for each of the 14 countries in question. Natural resource rents are hereby defined as "the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents" (World Bank, 2024, para. 3). Going with this account of resource dependency as the "relative contribution to GDP" (ibid., para. 5), the thesis clearly separates from the literature that takes into account the abundance of resources a country has (e.g., Brunnschweiler, 2008) [6].

Illustration 6 provides an overview of the average natural resource dependency in post-Soviet countries based on the World Bank Indicator between 2000 and 2014.

Country	Average '00 - '14
Moldova	0.2305
Lithuania	0.6322
Armenia	0.6804
Georgia	0.8926
Tajikistan	1.1011
Latvia	1.5232
Belarus	1.7039
Estonia	2.0746
Kyrgyzstan	4.3510
Ukraine	4.6638
Uzbekistan	18.5535
Kazakhstan	24.1532
Azerbaijan	31.2189
Turkmenistan	42.5566

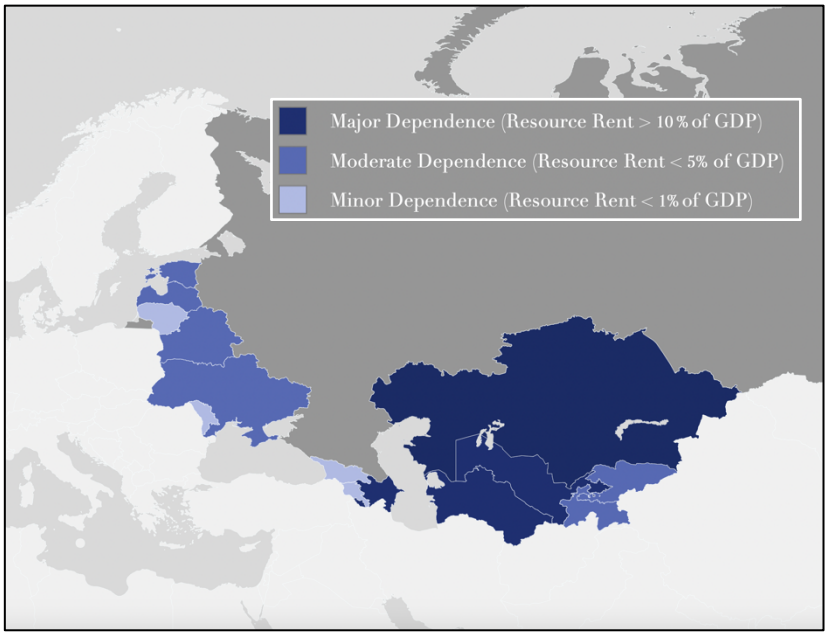

***Illustration 6**: Average Level of Resource Dependence within Post-Soviet States (2000-2014)*

[6] For a more detailed discussion on the difference between 'resource dependence' and 'resource abundance' and its implications for quantitative empirical analysis see Shahbaz et al. (2019).

Here, it is particularly the countries with access to the Caspian Sea that hold the greatest levels of dependency across the entire post-Soviet space. Turkmenistan, Azerbaijan, and Kazakhstan — as outlined before — cover, on average, one third of their GDP via natural resource rents. Uzbekistan, as the only double-landlocked country on the Asian continent, comes fourth in this row. In contrast to the three countries above, it does not possess any ownership of the 15.31 billion barrels of oil or 360 trillion cubic feet of gas that are estimated to linger there (Mehdiyoun, 2000). Instead, Uzbekistan obtains its tremendous amounts of gas through onshore mining. Additionally, its subsoil is rich in oil, coal, uranium and it ranks among the global leaders in producing gold, copper, as well as phosphorites (IEA, 2020).

To formally test the moderating effects that a country's dependency on natural resources can have on the positive effects between economic statecraft and export diversification efforts, a final variable called | *NaturalResource* will be introduced. Similar to models (3) and (4), this new variable will primarily serve the cause to capture the interaction term β_3, that quantifies the extent to which the combined presence of an economic statecraft event and a post-Soviet country's dependency on natural resources affect its overall product and market export concentration dynamics. Additionally, all other variables (including the seven control variables outlined in section 2.1.2.1), the country and year fixed effects, as well as the five lagged terms have been adopted from the previous model specifications (1) and (2).

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(5) $$\text{Product Concentration}_{it} = \beta_0 + \beta_1 \text{ Statecraft Events}_{it} + \beta_2 \text{ NaturalResource}_{it} + \beta_3 (\text{Statecraft Events}_{it} \times \text{NaturalResource}_{it}) + \gamma \text{ Controls}_{it} + \alpha_i + \delta_i + \varepsilon_{it}$$

(6) $$\text{Market Concentration}_{it} = \beta_0 + \beta_1 \text{ Statecraft Events}_{it} + \beta_2 \text{ NaturalResource}_{it} + \beta_3 (\text{Statecraft Events}_{it} \times \text{NaturalResource}_{it}) + \gamma \text{ Controls}_{it} + \alpha_i + \delta_i + \varepsilon_{it}$$

4.2.2 Statistical Results

Table 6 and 7 provide an overview of the regression results of models (5) and (6). In contrast to the assumption outlined in Hypothesis 5, one does not discover any significant moderating effects of a post-Soviet country's level of natural recourse dependence on its export diversification after a Russian economic statecraft event for both, the product and the market dimension. This non-finding can also be established when removing the controlling variable | *Human Capital* from the two regression equations. In particular here based on the statistical relationship between natural resource dependencies and low levels of education that has been established by Gylfason (2001) problems of multicollinearity could have surfaced.

Table 6: *Moderating Effects of Natural Resource on Post-Soviet Export Product Concentration, 2000-2014*

	Product Diversification (Thiel)					
	(0)	(1)	(2)	(3)	(4)	(5)
Moderation $_{t}$	- 0.1014					
Moderation $_{t+1}$		0.0086				
Moderation $_{t+2}$			0.0071			
Moderation $_{t+3}$				0.0183		
Moderation $_{t+4}$					- 0.0052	
Moderation $_{t+5}$						- 0.0105
Observations	135	126	117	108	99	90

Table 7: *Moderating Effects of Natural Resources on Post-Soviet Export Market Concentration, 2000-2014*

	Market Diversification (HHI)					
	(0)	(1)	(2)	(3)	(4)	(5)
Moderation $_{t}$	0.0089					
Moderation $_{t+1}$		- 0.0017				
Moderation $_{t+2}$			- 0.0261			
Moderation $_{t+3}$				- 0.0126		
Moderation $_{t+4}$					- 0.0256	
Moderation $_{t+5}$						- 0.0110
Observations	135	135	135	135	135	126

Ultimately, this non-significant moderating effect is of particular interest since the direct effect of a post-Soviet country's level of natural resource dependency on its export diversification dynamics does appear to be highly significant and negative (Appendix E). Hence, the effect theorized by Gylfason (2001), Zarach and Parteka (2023), and the entire 'resource curse' literature can be confirmed when using the World Bank's development indicator on natural resource rents but does not prove to be of overriding relevance in the context of Russian economic statecraft events.

4.3 Discussion

The moderating effects of state capture and natural resource are of great relevance for the policy recommendations outlined previously. In particular, it is the effect of informal state capture networks which needs to be addressed more rigorously by post-Soviet governments and external actors – including the European Union.

For governments within the post-Soviet states, the thesis' findings highlight the negative effects that informal networks and oligarch structures emit, when having control over political decision-making processes. As such, they do not only disrupt competition and innovation, foster inequalities, and erode important democratic institutions (Mungiu-Pippidi, 2015; David-Barret, 2021), but – in forestalling export diversifications dynamics – also endanger the political sovereignty of that country. Among the post-Soviet countries that have displayed the greatest levels of state capture between 2000 and 2014 (including Moldova, Ukraine, and Tajikistan) this endangerment has been demonstrated most evidently. In all of the three countries, Russia has been able to advance its political, economic, and strategic objectives by exploiting on the economic dependencies it has created – without having to account for the same degree of export diversification as was evident in post-Soviet countries with low levels of state capture. This absence of diversification efforts, in turn, maintains Russia's leverage for future economic statecraft events to come.

To a similar extent, it is external actors such as the European Union which should support efforts aimed at reducing state capture among the post-Soviet countries. As highlighted before, the desire of post-Soviet countries to diversify their exports after being made subject to Russian statecraft events can be beneficial to the EU. It not only provides new business markets for its 27 member states and heightens the economic security within the region, but also provides a rather easy "way in" to foster democratic changes and the rule of law (see chapter 3.1.4.). Yet, the higher the level of state capture within a post-Soviet country, the less likely this country is to divert its exports to the EU, and the less pronounced those benefits will be.

At the same time, state capture represents a deep-seated problem in many post-Soviet societies, which finds no simple solutions. On the contrary, reducing state capture requires continuous and long-term approaches which must be carefully designed not to allow any form of backsliding at later moments (Lemstra, 2020). The three most important pillars on which to advance those approaches include "transparency, political accountability, and economic competition" (Hellman et al. 2003, p. 771). All three have proven essential in combating the influence of private firms over political and legal decisions at the highest levels of government (ibid.). For post-Soviet governments, putting those abstract pillars into practice, means, for example, investing more into domestic accountability mechanisms. The anti-corruption measures and judicial reforms that have been implemented in Georgia by efforts of the Saakashvili government after 2003 provide a best practice in this respect. The creation of the National Integrity Authority (NIA) in Moldova and the National Anti-Corruption Bureau of Ukraine (NABU) demonstrate similar efforts. For external actors such as the EU, it is large-scale, independent reports which have been central in assessing the size and scope of state capture within the post-Soviet countries and on which policies have been adapted in the past (Lemstra, 2020). To be serious in their efforts, however, those 'technical instruments' need to be complemented by a strong political will to combat state capture. Otherwise, "state capture practices [will] continue to plague the region" (Seldi, 2023, para. 1).

5. Limitations and Future Research

The previous chapters have provided a comprehensive empirical overview of the relation between Russian statecraft events and post-Soviet export diversification dynamics across three levels of analysis. Ultimately, those empirical results and the policy recommendations they have enabled, need to be contrasted against the limitations of the thesis. These limitations are of theoretical and empirical nature.

First, and perhaps of overarching importance, the thesis has looked at an isolated part of the economic resilience of post-Soviet countries – their shock-absorption capabilities. Hence, it covers an important (possibly the most important) 'piece of the resilience puzzle' but leaves aside developments concerning the post-Soviets' shock-avoidance and shock-counteraction capabilities. Provided the fact that the three manifestations of economic resilience are not mutually exclusive (chapter 1), possible cross-sectional effects between the three manifestations are in need of further research. The role of oligarchic networks and their effects on a country's economic resilience may be the most evident example to emerge in this respect: In many of the post-Soviet countries, informal oligarchic networks have promoted large trade agreement deals with Russia since the break-up of the Soviet Union. Especially in Azerbaijan, Turkmenistan, Uzbekistan, and Kazakhstan, most natural resources and industry-heavy sectors remained under control of an "oligarchy of neftyaniki" – an oligarchy, "that still wields strong political influence and retains close business ties with Russian elites and insiders" (Skalamera, 2022 p. 1650). By nature, those trade deals have averted some of the economic statecraft events that would have otherwise been a viable policy option for Russia (Lindsay, 1986, p. 153). Consequently, one would be reasonable to assume that state capture networks in post-Soviet countries do not only hamper the export diversification efforts **after** an external economic shock (i.e., hamper shock-absorption capabilities; chapter 4.1.2.) but also lead to (a perverted version of) greater shock-avoidance capabilities **before** that shock – capabilities that have not been taken into account in the thesis.

Additionally, the thesis has focused exclusively on the post-Soviet region. In light of its multi-scalar approach, this focus has led to valuable findings regarding the importance of economic statecraft as a regional resilience determinant. At the same time, the results are mostly limited to the geographical area of the fourteen post-Soviet states and the time period between 2000 and 2014. Further research that takes into account the relationship between economic statecraft events and economic resilience efforts at the international level would be highly welcomed yet probably difficult to implement. As such, the thesis has made explicit use of the region's close historical past and its strategic position between two alternative export markets (Asia and Europe). The extent to which a study at the global level whether quantitative or more qualitative could engage in such a contextualized analysis across several global regions appears to be a question of great contention.

Besides those limitations concerning the thesis' external validity, three limitations originate with respect to its quantitative approach and the particularities therein.

Directly affecting the independent variable of the thesis at hand, a first of those empirical limitations arises with regard to the selection of Russian statecraft events by Hillebrand and Brevoets (2013). While in theory, those statecraft events can be positive and negative, the authors with their qualitative approach have largely filtered for negative statecraft events by Russia towards the post-Soviet countries. On the one hand, this approach reflects closely on other data sources including for example the Global Sanction Data Base (GSDB) and takes into account those cases of statecraft that should provide the greatest effect in theory (Caruso, 2021). On the other hand, acknowledging the effects that positive economic statecraft might have on the export diversification of post-Soviet states would significantly enhance the thesis' empirical findings providing an avenue for future research.

A second set of limitations relates the use of BEEPS data as an approximation of the level of state capture within post-Soviet countries. While providing the most disaggregated and accurate operationalization of state capture for the thesis to rely on, the BEEPS data themselves are subject to criticism. Fazekas et al. (2013), for example, point to the fact that BEEPS data might address the wrong respondents: Although private firms constitute the main initiator of state capture, the 'general population of firms' in a country, the three authors assess, does have little to no knowledge about state capture processes at the highest levels of government (p. 4). Hence, "responses on state capture might be less reliable than perceptions of administrative corruption" (Fazekas et al., 2013, as cited in Fiebelkorn, 2019, p. 15). In light of the general overlap between state capture levels and corruption indices for the post-Soviet region in the period of interest (from 2000 to 2014), this issue might not be of significant releveance for the findings of the very thesis at hand. Furthermore, it is the likes of Golden and Picci (2005) that have put the nature of BEEPS data at the heart of their criticism: Representing survey-data, Golden and Picci argue that assessment of the level of state capture through firms' perceptions is driven more by general sentiment than the actual levels of state capture within the country. Accordingly, firms do "not report their personal experiences but rely on media coverage and reports obtained by others"(Graf Lambsdorff, 2001, p. 8).

Lastly, it is the non-significant moderating effect of natural resource dependencies that serves as a starting point for a wealth of future research. Hence, the empirical non-finding stands in contrast to a large body of theoretical literature that would expect a hampered diversification of export structures in the aftermath of Russian economic statecraft events as well (resource curse literature). Possible research questions that can be derived from the non-significant moderating effect include: (a.) In which ways might natural resource dependencies not be 'strong enough' to counter the positive effects of Russian statecraft events on export diversification? (b.) To what extent have export diversifications carried out in the 1990s reduced the moderating effect of resource dependencies within the post-Soviet countries?

6. Conclusion

For more than two decades, economic resilience has been at the very forefront of academic research. Serving not only as an explanation for economic growth but also economic stability, it has been a breeding ground for advances in the political and economic sciences. Yet, at the same time, efforts to explain the determinants of economic resilience dynamics have largely been limited to a global scale (i.e., based on a global population of countries) or focused on the regional dynamics of Western countries and regions only. In analyzing the economic resilience efforts and determinants of post-Soviet countries between 2000 and 2014 the thesis has opened up this limited focus enriching our knowledge of the post-Soviet space.

Based on the intial finding that global determinants hold close to no explanatory power within the post-Soviet region (see chapter 2) the thesis has adopted a multi-scalar approach to assess the economic resilience of the post-Soviet states, taking into account "inherent and inherited resources, capabilities, and characteristics" (Sutton et al., 2023), and focusing specifically on the regional and domestic levels.

At the heart of this disaggregated and contextualized approach, the thesis has put the effect of Russian economic statecraft events towards the export diversification dynamics of post-Soviet countries. As such, export diversification not only serves as one of the most compelling indicators of economic resilience, but based on the 'recursive nature of economic resilience' and Hirschman's 'Theory of Trade Dependence' one might also expect Russian statecraft events to be of crucial importance in driving diversification dynamics among the post-Soviet countries.

The fixed-effects regression models advanced in chapters 3 and 4, substantiate the theoretical and conceptual foundations of the thesis through the presentation of empirical results. In particular, it is two central findings that have been identified and greatly enhance our understanding of economic resilience efforts within the post-Soviet space serving as a starting point for future research in this domain:

On the regional level, the thesis finds Russian economic statecraft events to be a significant driver of export diversification efforts. In particular two years after being made subject to a statecraft event, post-Soviet countries display systematic and enhanced degrees of diversification across both, product and market levels.

On the domestic level, the thesis finds a post-Soviet country's level of state capture to significantly moderate this positive effect of Russian economic statecraft on its export diversification dynamics. Countries with higher levels of state capture do systematically display lower levels of diversification efforts after a statecraft event. Natural resource dependencies, in contrast, do not display any moderating effects.

Ultimately, those findings prove valuable for the discussion about Russia's strategy in its near abroad. As such, hoping to regain its former power status by utilizing economic statecraft events towards the post-Soviet region, Russia has not only experienced limited success in the short-term, but has, in unintentional ways, also encouraged increased economic resilience efforts in the long-term. Efforts which run contrary to Russia's objective to distance the post-Soviet countries from 'the West' and integrate them more thoroughly into its own sphere of influence again.

Závěr

Již více než dvě desetiletí je ekonomická odolnost v popředí zájmu akademického výzkumu. Slouží nejen jako vysvětlení hospodářského růstu, ale také ekonomické stability, a je tak živnou půdou pro pokrok v politických a ekonomických vědách. Zároveň se však snahy o vysvětlení determinant dynamiky ekonomické odolnosti do značné míry omezovaly na globální měřítko (tj. vycházely z celosvětové populace zemí) nebo se zaměřovaly pouze na regionální dynamiku západních zemí a regionů. Analýzou snah a determinant ekonomické odolnosti postsovětských zemí v letech 2000-2014 práce toto omezené zaměření otevřela obohatila naše znalosti o postsovětském prostoru.

Na základě počátečního zjištění, že globální determinanty nemají v postsovětském regionu téměř žádnou vypovídací schopnost (viz kapitola 2), byl v práci přijat vícestupňový přístup k hodnocení ekonomické odolnosti postsovětských států, který zohledňuje "vrozené a zděděné zdroje, schopnosti a charakteristiky" (Sutton et al., 2023) a zaměřuje se konkrétně na regionální a domácí úroveň.

Do centra tohoto disagregovaného a kontextualizovaného přístupu práce postavila vliv ruských ekonomických státnických událostí na dynamiku diverzifikace exportu postsovětských zemí. Diverzifikace exportu tak slouží nejen jako jeden z nejpřesvědčivějších ukazatelů ekonomické odolnosti, ale na základě "rekurzivní povahy ekonomické odolnosti" a Hirschmanovy "teorie obchodní závislosti" - lze také očekávat, že ruské státnické události budou mít zásadní význam pro dynamiku diverzifikace postsovětských zemí.

Regresní modely s pevnými efekty, které jsou uvedeny v kapitolách 3 a 4, dokládají teoretické a koncepční základy práce prostřednictvím prezentace empirických výsledků. Zejména se jedná o dvě ústřední zjištění, která byla identifikována a která výrazně rozšiřují naše chápání snah o ekonomickou odolnost v postsovětském prostoru slouží jako východisko pro budoucí výzkum v této oblasti:

Na regionální úrovni práce shledává, že ruské ekonomické státnické události jsou významnou hnací silou snah o diverzifikaci exportu. Zejména dva roky poté, co se postsovětské země staly předmětem státnické události, vykazují systematickou a zvýšenou míru diverzifikace jak na úrovni produktů, tak na úrovni trhů.

Na domácí úrovni práce zjišťuje, že úroveň státního područí postsovětské země významně zmírňuje tento pozitivní vliv ruských hospodářských událostí na dynamiku diverzifikace vývozu. Země s vyšší mírou ovládnutí státu vykazují po státnické události systematicky nižší míru diverzifikace. Naproti tomu závislost na přírodních zdrojích nevykazuje žádné zmírňující účinky.

Tato zjištění jsou nakonec cenná pro diskusi o strategii Ruska v jeho blízkém zahraničí. Rusko tak v naději, že získá zpět svůj bývalý mocenský status využitím ekonomických státotvorných akcí vůči postsovětskému regionu, nejenže zaznamenalo omezený úspěch v krátkodobém horizontu, ale neúmyslně také podpořilo zvýšené úsilí o ekonomickou odolnost v dlouhodobém horizontu. Úsilí, které je v rozporu s cílem Ruska distancovat postsovětské země od "Západu" a znovu je důkladněji integrovat do vlastní sféry vlivu.

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Appendix A: Thiel Concentration Index Decomposition (formula)

$$\text{Thiel} = \frac{1}{n} \sum_{i=1}^{n} \frac{x_i}{\mu} \ln\left(\frac{x_i}{\mu}\right) \quad \text{where} \quad \mu = \frac{\sum_{i=1}^{n} x_i}{n}$$

$$\text{Thiel} = \underbrace{\sum_{j=0}^{J} \frac{n_j}{n} \frac{\mu_{ij}}{\mu} \ln\left(\frac{\mu_{ij}}{\mu}\right)}_{\text{Thiel}_{\text{between}}} + \underbrace{\sum_{j=1}^{J} \frac{n_j}{n} \frac{\mu_{ij}}{\mu} \left[\frac{1}{n_j} \sum_{k \in G_j}^{N} \frac{x_{ik}}{\mu_j} \ln\left(\frac{x_{ik}}{\mu_j}\right) \right]}_{\text{Thiel}_{\text{within}}}$$

where $j = 1, \ldots, J$ constitutes J groups of export products,
n_j represents the total number of products, and
μ_j represents the average export value in group j

Appendix B: Overview of Regression Variables and Sources (table)

Variables	Description	Source	Mean	SD.
Product Diversification	Thiel Concentration Index of Export Products	UN Comtrade Data; own calculations	3.395	1.253
Market Diversification	HHI Concentration Index of Export Markets	UN Comtrade Data; own calculations	0.151	0.130
GDP Per Capita	Gross Domestic Product per capita	World Development Indicators, WB	9589	15794
Economy Size (ln)	Population size, indicating market size and potential labour force	World Development Indicators, WB	16115	1552
Market Access	Number of Preferential Trade Agreements signed in given year	EIA Database; Bergstrand et al. (2021)	84.52	62.907
Foreign Investment	Volume of net inflows of foreign direct investments as % GDP	World Development Indicators, WB	4.039	10.725
Investment R&D	Domestic expenditures on research and development as % GDP	World Development Indicators, WB	0.928	0.922
Human Capital	Years of schooling, indicating the educational level of population	Human Development Report, UNDP	11.64	3.535
Institutional Quality	ICRG Variables Corruption, Law and Order, and Bureaucracy	CRG Indicator, Government Quality	0.543	0.213
Democracy Score	Revised Combined Polity V Score via 21-point democracy scale	Revised Combined Polity Score (V)	3.199	6.552
Economic Coercion	Economic statecraft events by Russia towards post-Soviet states	Hildebrand, E. and Bervoets, J. (2013)	0,006	0,074 *
State Capture	Level of private payments to parliamentarians to affect their votes	EBRD Economic Surveys (BEEPS)	0.240	0.198 *
Natural Resource	Natural resource rents (oil, gas, coal, mineral, forest) as % of GDP	World Development Indicators, WB	7,848	11,153

* For post-Soviet subset

Appendix C: Overview Russian Statecraft Events, 2000-2014, (table)

Country	Year	Russian Statecraft Event (Description)	Informal	Export
Armenia	2001	Debt forgiveness in exchange for state-run assets	☐	☐
Latvia	2003	Redirection of oil shipments to Russian port cities	☒	☐
Lithuania	2003	'Technical difficulties' with 'Druzhba' oil pipelines	☒	☐
Belarus	2004	Stop of gas shipments through Belarusian pipelines	☐	☐
Kazakhstan	2004	Threat to cut space projects at Baikonur Cosmodrome	☒	☐
Armenia	2005	Stop of previous price privileges for Russian gas	☐	☐
Ukraine	2005	Raise of gas prices to Ukraine from $50 to $230	☐	☐
Georgia	2006	Intentional explosions at Mozdok-Tbilsi pipeline	☒	☐
Georgia	2006	Strict wine embargo due to 'metals and pesticides'	☒	☒
Latvia	2006	Ban on all fish and meat exports towards Russia	☐	☒
Lithuania	2006	'Technical difficulties' with 'Druzhba' oil pipelines	☒	☐
Moldova	2006	Strict wine embargo due to 'metals and pesticides'	☒	☒
Belarus	2007	Increase in transit fees and prices of gas for Belarus	☐	☐
Estonia	2007	Boycott of Estonian products and advice not to travel	☒	☐
Georgia	2008	Bombings of Georgia's oil pipeline and cyberattacks	☐	☐
Tajikistan	2008	Debt forgivness for Okno space tracking station	☐	☐
Ukraine	2008	Two weeks stop of gas shipments through Ukraine	☐	☐
Kyrgyzstan	2009	Transfer of 48% stake in Dastan torpedo factory	☐	☐
Turkmenistan	2009	Gas imports cuts by Gazprom by over 75%	☐	☒
Belarus	2010	Severe reduction of gas supplies by Gazprom	☐	☐
Kyrgyzstan	2010	Raise of petroleum tariffs 100%, gas prices 20%	☐	☐
Moldova	2010	Second wine embargo against Moldovan wine	☐	☒
Kyrgyzstan	2011	Threat of investment stop in hydroelectric sector	☐	☒
Latvia	2011	Ban on all pork related product exports to Russia	☐	☒
Lithuania	2011	Price discriminations (compared to Estonia, Latvia)	☐	☐
Kyrgyzstan	2012	Debt forgivness for 75% stake in Kyrgyzgaz and Dastan	☒	☐
Ukraine	2013	Import bans due to 'phytosanitary and technical norms'	☒	☒

Source: Hillebrand and Brevoets, 2013, pp. 20-53

Appendix D: BEEPS Data Harmonization Procedure, 2009 and 2012

Harmonization of 2009 and 2012 wave (ratio data) to previous waves (categorical):

Percentage of each firms total annual sales for Parliamentary votes on laws to private interests	Corresponding Category (waves 1999, 2002, 2005)
0 %	0 (no impact)
1 - 2 %	1 (minor impact)
3 - 5 %	2 (moderate impact)
5 - 10 %	3 (major impact)
10 % and more	4 (decisive impact)

Appendix E: Direct Effect of Natural Resources on Diversification (table)

	Product Concentration	Market Concentration
	Post-Soviet Countries	Post-Soviet Countries
GDP per Capita	- 0.241	- 0.356
Capita GDP (sq.)	0.012	0.033
Economy Size	- 0.160 **	- 0.070 ***
Market Access	- 0.001	- 0.001 *
Foreign Investment	- 0.003	- 0.001
Investment R&D	- 0.134 *	- 0.478 ***
Institutional Quality	- 1.282	- 0.161
Democracy Score	- 0.038 ***	- 0.067 ***
Natural Resources	0.043 **	0.065 **
Observations	132	132
Residual Std. Error	0.1734	0.2434
Adjusted R-squared	0.7995	0.7404
Fixed effects (year)	yes	yes
Fixed effects (country)	yes	yes

Note: *p<0.1; **p<0.05; ***p<0.01