

focused on the League of Nations sanctions against Italy for invading Ethiopia and the US sanctions against Cuba.⁵

available to conduct studies. Here, the scholars are facing choices either to treat the sanction variable as binary (assigning 1 when an event has occurred and 0 otherwise) or to consider estimating the sanctions data themselves, using the information available at the time of their study.

Although, various studies use the sanction variable as a binary determinant, we believe that approach may diminish some of the essential characteristics that define sanctions. Therefore, in our work, we took the second approach to construct the dataset of the Western sanctions against Russia for 2014-2018 and from there disaggregated a variable of the US sanctions against Russia.¹² This dataset was essential in evaluating the impact of sanctions not on the target economy, as usually observed in studies, but on the spillovers into the third-party countries. The focal point of our research became transition economies, the twenty-seven small open countries of the Former Soviet Union, and Central and Eastern Europe, and the impact of sanctions on their social-economic stability in terms of trade, direct investments, migration, and remittances for the outlined time frame.

While constructing our sanctions dataset, in addition to the aforementioned difficulty in terms of availability of the systemized sources of information, we also observed some divergence in the literature in terms of which criteria to consider when evaluating these data. We eventually used an approach outlined in Dreger et al. (2016) for the choice of criteria applied to sanctions, which included the pre-indictment economic integration of the target and sanction imposing (source) country; the type of sanction, whether it is imposed against an individual, an entity, or a sector; and the time frame.¹³ The newly constructed dataset was used in our initial analysis applied to trade and direct investments; however, the produced outcomes did not seem robust enough and supported by the literature. Thus, as an example, due to the information on US imposed sanctions being more systemized – and publicly and timely available on the website of the US Treasury – our first outcomes were biased and suggestive that US imposed sanctions had a stronger impact than multilaterally imposed ones.

This conclusion, although driven by the available data at the time and respective analysis, was challenged by the existing literature, which infers that multilaterally imposed sanctions have a much stronger impact than unilateral ones imposed by one country. That initial outcome was also in disagreement with the essence of sanctions as being a multilateral tool for all nations boycotting one country, which had neglected universally accepted rules of peace and sovereignty rights of others. Later, with the availability of more systemized sources on sanctions imposed by the European Union and other countries, we were able to incorporate them in our sanctions dataset, improving the results of our analysis which became authentically reflective of economic spillovers produced by sanctions and in-line with the literature.

In conclusion, having better quality “dependent variables” on sanctions is essential to producing comprehensive research that sheds accurate light on their implications, not only on the target country but the whole scope of impact they may produce on third-party economies. Better dependent variables also help in assessing and shaping practical policies for source countries when making sanction related decisions.

¹² Sedrakyan, G.S., 2021. Spillovers of Western Economic Sanctions against Russia into Transition Economies.

¹³ Dreger, C., Kholodilin, K., Ulbricht, D., and Fidrmuc, J., 2016. Between the hammer and the anvil: The impact of economic sanctions and oil prices on Russia's ruble. *Journal of Comparative Economics*, 44 (2), 295–308.