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31 January 2022

Online at https://mpra.ub.uni-muenchen.de/117208/
MPRA Paper No. 117208, posted 15 May 2023 14:20 UTC

Cite as: Ion Marandici, "Loss Aversion, Neoimperial Frames and Territorial Expansion: Using Prospect Theory to Examine the Annexation of Crimea" *Journal of Soviet and Post-Soviet Politics and Society*, Vol. 8, No. 1, October 2022.

Loss Aversion, Neo-imperial Frames and Territorial Expansion: Using Prospect Theory to Examine the Annexation of Crimea[1]

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Abstract: *Why did Russia's authoritarian leader decide to annex Crimea? Why was Ukraine unable to resist the Russian aggression? This study relies on prospect theory to illuminate the decision-making in Moscow and Kyiv that led to the takeover of Crimea. First, I identify the turning points of the Euromaidan crisis preceding the annexation and trace how Putin's assessment of the status quo shifted repeatedly between the domains of losses and gains. In the domain of losses, the Russian leader, influenced by a neo-imperial faction within the Presidential Administration, became more risk acceptant, annexed the peninsula, and escalated the hybrid warfare. In doing so, the paper shows that Putin framed the intervention using nationalist themes, drawing on salient historical analogies from the past. Second, new documentary evidence such as the minutes of Ukraine's National Defence and Security Council (NDSC) and participant testimonies reveals that the decision-makers in Kyiv could not mount an effective*

[1] I would like to thank the editors and three anonymous reviewers for their useful suggestions.

defence due to squabbles among coalition partners, the breakdown of the military chain of command in Crimea, the looming threat of a full-scale invasion from the East, and the inflated expectations regarding the West's capacity to deter Russia's aggression. Third, the article relies on prospect theory to explain why after Crimea's annexation, Putin refrained from continuing the territorial expansion deeper into Ukraine, opting instead to back secessionism in Donbas. This account highlights the explanatory power of prospect theory compared to alternative frameworks, pointing out, at the same time, the need to incorporate causal mechanisms from competing theoretical traditions in studies of foreign policy decision-making.

Introduction

Despite its destabilizing effect on regional security, the annexation of Crimea—the most recent territorial conquest in post-Cold War Europe—remains an understudied event. Some scholars have employed decision-making approaches to elucidate the circumstances of Russia's decision to take over Crimea and wage war against Ukraine (Bartles and McDermott 2014; Bukkvoll 2016; Lampert 2016; Forsberg and Pursiainen 2017; Fortescue 2018). Still, several interrelated questions remain unanswered. What factors influenced the decision-making processes leading to the annexation? What explains the timing and the hybrid nature of the intervention? What role did Ukraine's weakness, Putin's personality, and advisory structures play in the annexation?

The paper contributes to the foreign policy scholarship by answering these questions and conceiving of Crimea's annexation as a theory-informed case study. To use George and Bennett's (2005: 75) terminology, this study is simultaneously a disciplined configurative and a theory-testing case. Although the annexation could be used to test various international relations theories, the article focuses solely on foreign policy decision-making rather than traditional theories in international relations. Hence, the objective of the paper is twofold. First, it elucidates important aspects of the decision-making process of this significant historical case. Second, the case study assesses the external validity and drawbacks of

prospect theory applied to international crises. In doing so, I argue that prospect theory provides a compelling account as to why the Russian leader took a calculated risk and engaged in territorial conquest amidst the power transfer in Kyiv, when the Ukrainian state lacked the capacity to defend itself.

Before moving on to the theory-testing part, the paper provides an overview of the annexation with the relevant facts of the case included. The sequencing of the crisis allows us to trace the changing perceptions of the status quo and reconstruct the decision-making environment in Kyiv and Moscow. Even though the collective nature of decision-making at state level presents a major difficulty for the application of prospect theory, which is an individual-level theory (Levy 1997), existing evidence suggests that the decision to annex Crimea was made by the Russian president assisted by close advisors and several high-ranking officials.

The paper is structured as follows. I start off by providing an overview of the prospect theory and its foreign policy applications. Then, I distinguish three turning points in the crisis in Ukraine matching Putin's changing definitions of the status quo. The next section details Putin's shifts between the domain of losses and gains, and examines his reference points, risk propensity, and the types of frames used to describe the annexation. The following section explains how Kyiv's weakness played into Moscow's annexation calculus, whereas the last part examines briefly how alternative explanatory frameworks might explain the foreign policy choice.

Prospect Theory and Foreign Policy Decision-Making

Developed as an alternative to the expected utility model, prospect theory is one of the main psychological approaches to the study of foreign policy decision-making (Mintz and Sofrin 2017). As such, it theorizes individual decision-making under risk (Kahneman and Tversky 1979; Tversky and Kahneman 1981; Kahneman and Tversky 1986; Kahneman, Knetsch, and Thaler 1991; Kahneman 2003).

Prospect theory postulates that decision makers perceiving the status quo in the domain of losses defined in relation to a

reference point, accept more risk, whereas, in the domain of gains, they express risk aversion (Kahneman and Tversky 1979). As such, loss aversion and reference dependence feature as the core elements of prospect theory. Besides these two findings, prospect theorists identified several secondary effects pertaining to deviations from the standard rational choice decision-making. First, the endowment effect was observed, whereby goods in someone's possession are overvalued compared to objects one does not own (Kahneman, Knetsch and Thaler 1991). Then, framing effects were documented. While the expected utility model assumes that individual preferences are invariant, Kahneman and Tversky (1986) demonstrate that it matters whether choices are framed as losses or gains. Depending on wording and the order of presentation, changing the frames causes preference reversals. Next, experimental evidence confirms the declining sensitivity to gains and losses as individuals move away from the reference point as well as the tendency of decision makers to overweight low probabilities and underestimate moderate-high probabilities (Kahneman and Tversky 1979). In short, prospect theory evolved into a veritable research program with applications across social sciences.

Even though Stein (2017: 251) observed that moving prospect theory out of the lab into the field of foreign policy is a difficult process, researchers have applied the framework to study foreign policy. For instance, Farnham (1992) demonstrated that Roosevelt's preference reversal regarding the necessity to intervene in Europe during World War II was the result of a frame change induced by emotions linked to the breakdown of peace in Europe at the Munich conference. McDermott (1992) explained how the Iranian hostage crisis pushed Carter into the domain of losses, prompting the US president to pick the riskiest policy, ending with a failed rescue mission. Likewise, Haas (2001) spelled out how during the Cuban Missile Crisis, Kennedy and Khrushchev, both operating in the domain of losses, took excessive risks contrary to the expected utility model predictions. Taliaferro (2004) integrated prospect theory into his balance-of-risk theory and traced how American and Soviet officials, averse to perceived losses in terms of power, and international status, initiated risky interventions in Vietnam and

Afghanistan. Such case studies demonstrate the value of prospect theory in analyzing decision-making during foreign policy crises.

A handful of scholars have employed prospect theory to study Russia's latest territorial expansion. Thus, Bukkvoll (2016) briefly mentions the theory to explain Putin's risk-taking in reaction to the perceived success of the Euromaidan protest, focusing mostly on beliefs, emotions, personality, and organizational politics as shaping decision-making. Similarly, Forsberg and Pursiainen (2017) invoke prospect theory as a potential framework, but then add groupthink, operational codes, belief systems, personality, and emotions as explanatory factors. Lampert (2016) compares Putin's decisions to intervene militarily in Georgia, Ukraine, and Syria, concluding that the Russian president acted in all three cases from the domain of losses. A study of the Russian foreign policy behavior by Gorenburg (2019) provides insights derived from simulations of prospect theory-based scenarios, while Lenton (2021) applies prospect theory to clarify why Ukraine's leadership did not defend Crimea but fought in Donbas. In the context of Russia's great power ambitions (Kolstø 2016), research clarifying the cognitive dimension of decision-making preceding the annexation is essential.

Despite its eclecticism, the existing scholarship has added value to this emerging field of study. Some researchers cover broadly several cases at once (Lampert 2016), while others draw on competing theoretical approaches, providing comprehensive causal stories (Bukkvoll 2016; Forsberg and Pursiainen 2017). Still, most of the annexation research employs a reduced version of prospect theory, focusing on loss aversion and glossing over elements such as the menu of policy options available to decision-makers, evolving reference points across several dimensions, alternative methods of identifying the domains of losses and gains, and the interactive nature of the crisis. That is why the relationship between prospect theory and other theories of conflict needs to be better articulated. It is often not clear what contradicts, competes, or complements prospect theory. At the same time, any theoretical explanation of the decision-making preceding the annexation cannot be complete as it is impossible to identify all influences on a particular policy outcome in highly opaque political regimes.

In line with Hudson and Vore (1995), this paper does not focus on neorealism or liberalism as major international relations theories but rather seeks to clarify foreign policy decision-making via a single case study grounded in prospect theory. There is much debate concerning the merits of single cases in theory-testing studies, hence researchers should follow Gerring (2004: 342) and carefully establish the class of phenomena to which their case belongs. The annexation of Crimea can be viewed as an instance of multiple phenomena of interest to political scientists. It can be treated as an example of hybrid warfare, a case of bloodless territorial conquest similar to the Nazi annexation of the Sudetenland or the Soviet occupation of Bessarabia, an instance of irredentist secession, or a manifestation of great power aspirations. Here, I conceptualize the annexation as a case of foreign policy decision-making in which the aggressor state faced a choice among four courses of action, opting for territorial conquest. Besides annexation, Moscow could have backed the transformation of Crimea into an unrecognized republic, abstained from intervening in Ukraine, or supported enhanced autonomy for Crimea as part of a federalized Ukraine. In this sense, the decision to occupy and annex should be regarded as one of several potential outcomes.

Studying the annexation as a case of territorial conquest carries certain theoretical and policy benefits. The case study could boost the external validity of prospect theory. By tracing how Russia's leadership reached the decision to wage a war of aggression against Ukraine and by examining the reasons guiding Kyiv's reaction to the attack, the case clarifies the distinct phases of the foreign policy choice, while providing new insights into an adjacent area of scholarship concerning the changing nature of conflict in Europe. In this sense, the present case study can be regarded as a disciplined-configurative one (George and Bennett 2005).

The case study is implemented using public sources. Archival records will remain inaccessible for decades, preventing scholars from consulting confidential materials, but new evidence, declassified documents, accounts by powerholders in Moscow, Kyiv, Crimea, and the West allow us to piece together the central elements of the decision-making process leading up to the

annexation. Existing sources need to be assessed critically as some of them may be part of the information war accompanying the hostilities. For instance, it is worrying that scholarly articles about the annexation rely excessively on Kondrashov's (2015) propagandistic film *Crimea—The Path to the Motherland*, Zygar's (2016) journalistic volume, and Putin's public statements. Such evidence is problematic as Russian official sources often incorporate intentional distortions of the events. In line with previous scholarship, they have been critically examined here in conjunction with new evidence such as the declassified transcripts of the deliberations in Kyiv (NSDC 2014) and accounts from participants such as Igor Girkin, one of the coordinators of the hybrid warfare attack against Ukraine.

Sequencing the Crisis in Ukraine

The sequencing of the crisis into distinct stages allows us to reconstruct the decision-making environment prior to the annexation, tracing Putin's changing perceptions of the status quo. The collective nature of decision-making at state level presents a major difficulty for the application of prospect theory, which is an individual-level theory (Levy 1997). Still, the existing evidence suggests that the decision to annex Crimea was made by the Russian president assisted by several high-ranking officials (Zygar 2016; Fortescue 2017; Rhodes 2018; McFaul 2018). Hence, the historical sketch of the annexation also provides readers with the relevant facts of the case before moving on to the prospect theoretical part.

Russia's decision to annex the peninsula was situated at the intersection of multiple processes, each guided by specific logics of action and involving complex relations among actors, operating at multiple levels. Some of the processes preceding the annexation include the cycles of protest across Ukraine, the reset of Russia's relations with the West, the rise of secessionism at Ukraine's periphery, the growing influence of conservative-neo-imperial ideas in Russia, and the negotiations concerning Russia's naval base in Crimea. For analytical purposes, the Crimean crisis is defined here as spanning from the mass mobilization on the Maidan beginning

on 21 November 2013 until Russia's formal annexation of Crimea on 18 March 2014. Engaged in competition with the West, over this period, Moscow worried about the success of the Euromaidan movement, perceiving the situation as a zero-sum game. To elucidate the decision-making leading up to Russia's use of force against Ukraine, one must discern among three turning points of the crisis, each corresponding to Putin's transition between alternative perceptions of the status quo as either a loss or a gain.

During the initial phase, Ukraine was building closer ties to the EU and completing the negotiation of the EU–Ukraine Association Agreement (AA). The first turning point occurred before the Vilnius summit when Yanukovych decided to postpone the signing of the AA. The deferment was the consequence of Putin's pressure on Yanukovych and the promise of a $15 billion credit (Zygar 2015: 177). It was Yanukovych's turnaround that triggered the Euromaidan protests as the opposition and civil society sought to pressure the president into signing the AA (Onuch and Sasse 2016: 558). Yanukovych, closely associated with the Crimean, Southern and Eastern Ukrainian voters and known for advancing Moscow's interests, adopted a set of dictatorial laws and tried to suppress the rallies using violence, steps which further mobilized the activists (Onuch and Sasse 2016: 573–75). The Euromaidan triggered both demonstrations of solidarity as well as secessionist counter-rallies across the Russian-speaking areas of Ukraine, partially directed by Russian officials (Umland 2016).

However, the second critical juncture—Yanukovych's departure from Kyiv—is essential to understanding Putin's decision to initiate the hybrid war against Ukraine. Between 18 and 20 February 2014, unknown snipers shot tens of protesters on the Maidan. It is still unclear who the shooters were and whose orders they were following. Amid the chaos, Yanukovych and the opposition hastily negotiated a compromise to end the violence with Germany, Poland, France, and Russia serving as mediators. However, the agreement failed as the fragmented opposition could not prevent militant protesters from occupying state institutions. Fearing for his life and acting against Putin's advice, Yanukovych abandoned Kyiv, requesting Moscow's assistance (Putin 2014e).

Next, the Russian president, who regarded the ongoing protests as a US-orchestrated coup, personally guided a Russian commando tasked with the extraction of Yanukovych from Ukraine (Putin 2015).

The decision to annex Crimea, the third turning point, is linked to Yanukovych's failure to remain in power. From the soft attempts to back Yanukovych and weaken the Euromaidan, Moscow switched to military intervention. Contesting the legitimacy of the new government in Kyiv, Russian officials intensified their support for the pro-Russian separatists in Crimea and the rest of Ukraine (Umland 2016). The subsequent annexation consisted of multiple events, some of which were guided by Moscow and implemented locally by various activist organizations, Russian special troops, members of the regular Russian Armed Forces, paramilitary units, rebel militias, Ukrainian defectors, and a constellation of non-state actors.

The annexation exploited long-standing separatist tendencies in Crimea.[2] Back in 1991, only 54% of Crimea's population supported Ukraine's independence (Wydra 2004: 115). A few weeks after Ukraine's independence was proclaimed, Crimea's Supreme Soviet publicized its own declaration of sovereignty. In 1992, a symbolic declaration of independence was followed by the promise to organize a referendum (Solchanyk 1994). Kyiv kept secessionism in check by offering more autonomy to the region. But tensions between Simferopol and Kyiv flared again in 1994, when Yuryi Meshkov, running on an openly secessionist platform, gained 73% of the vote in Crimea's presidential elections (NYT 1994). Sevastopol, a city enjoying a special status in Soviet times and serving as the base of the Russian Black Sea Fleet, was the epicenter

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2 The peninsula was annexed by the tsarist empire in 1783. The site of the Crimean War (1853–56) and the stronghold of the Whites during the Russian Civil War, the region was incorporated by Nikita Khrushchev into the Ukrainian Soviet Socialist Republic in 1954. Populated largely by ethnic Russians and Crimean Tatars, the latter deported by Stalin to Siberia in 1944, Crimea enjoyed significant autonomy as part of Ukraine.

of separatism. In 1994, Sevastopol's authorities requested that the city be placed under Moscow's jurisdiction (Wydra 2004: 119). To deal with secessionism, Kyiv invalidated Crimea's 1992 constitution and deported Meshkov, a Russian citizen, to Russia. Boris Yeltsin, Russia's president, refused to meet Meshkov and discuss the scenario of a merger between Crimea and Russia (Wydra 2004: 118).

Two decades later, the Ukrainian state was caught unprepared to deal with the new bout of separatism in Crimea. On 23 February 2014, while the Crimean Parliament issued a statement opposing the Euromaidan movement, participants at a small rally in Sevastopol, elected in an improvised manner as the city's new mayor Aleksey Chalyi, who replaced the legitimate authorities. The same tactics would be subsequently observed across Donbas. Despite accounts emphasizing the economic reasons behind the insurgence in Ukraine such as Zhukov's (2016), the Crimean secessionists focused on nationalist-irredentist themes rather than economic grievances. Chalyi (Snegirev 2014), for instance, talked about opposing the teaching of Ukrainian in schools and banning Ukraine's flag at secessionist demonstrations, and incited resistance against what he called Kyiv's assimilationist policies.

The annexation operation unfolded over three weeks, meeting no resistance. The Crimean Tatars, Kyiv's local allies, clashed with pro-Russian groups in Simferopol on 26 February. But the spontaneous Tatar resistance was quickly defused on 27 February when Moscow deployed special forces without identifying insignia, which secured control over key institutions and infrastructure hubs. On the same day, former Berkut members and Cossacks from the Cuban region of Russia set up border checkpoints (Prentice 2014), while rebel militias occupied the Simferopol airport to facilitate the landing of regular Russian troops. On 1 March, Sergei Aksenov, the new Prime Minister of Crimea, asked Putin to intervene. On the same day, Russia's Federation Council authorized the use of force against Ukraine (Federation Council 2014). Next, the Crimean Supreme Council adopted a declaration of independence (6 March) followed by a hastily organized referendum, deemed as illegitimate by the United Nations (2014), in which most participants opted for independence and the subsequent union with

Russia. Despite Kyiv's references to the 1994 Budapest Memorandum, the 1997 Russian–Ukrainian Friendship Treaty, and the Helsinki Final Act of the Conference on Security and Cooperation in Europe, all supporting its territorial integrity, Moscow concluded the formal annexation process.

A Calculated Risk

Prospect theory refers to decisions taken under risk, hence it is essential to establish whether the annexation was a choice and whether it was the riskiest strategy.

Although the Russian leader has claimed multiple times that the annexation was a constrained action, there is sufficient evidence suggesting that the annexation was a choice among four policy options rather than a *zugzwang*. Before the annexation, Putin's advisors repeatedly stated that the federalization of Ukraine would avert the crisis (Glaz'ev 2014). A second scenario included the creation of an unrecognized republic akin to Transnistria that would have been controlled by Moscow. According to Girkin (2020), a key coordinator of the annexation and a former intelligence officer, he expected to oversee the security apparatus of an independent Crimean state and was surprised that Putin crossed the Rubicon, opting for outright annexation. Besides federalization, de facto statehood, and annexation, Moscow could have chosen to preserve the status quo, much like Yeltsin did in the 1990s. Without much warning, Putin picked the annexation option from the menu of choices.

Was the annexation a risky decision? The decision to occupy Crimea was a calculated risk rather than an expression of recklessness. In the context of prospect theory, risk refers to decisions reached without knowing their consequences as they depend on uncertain events (Kahneman and Tversky 1984). Given the high stakes and the high level of uncertainty, I concur with Forsberg and Pursiainen (2017: 5), who view the takeover of Crimea as a risky choice. Indeed, Putin and his associates were determined to invade the peninsula even though they did not estimate with accuracy the degree of Ukrainian resistance. The Russian president

did, however, instruct top Russian generals to prepare for military contingencies and even conducted a closed opinion poll to gauge the support for what Russia called the "reunification" with Crimea (Putin 2015). The operation was timed to exploit the absence of a functioning government in Kyiv, a moment of maximum vulnerability for Ukraine. In doing so, Moscow reduced the risk of a full-blown confrontation and incurred minimum losses, two details indicating that the decision was a calculated risk.

Two equally plausible versions of events link the timing of the decision to the power struggle in Kyiv. According to Moscow's official version presented in *Crimea —The Path to the Motherland*, Putin spent the night of 22–23 February getting Yanukovych out of Ukraine (Putin 2015). Toward the morning, Putin tasked four individuals—Sergei Ivanov, the Head of the Presidential Administration, Nikolai Patrushev, the Secretary of the Security Council, Aleksandr Bortnikov, the FSB director, and Sergei Shoigu, the Minister of Defence—to prepare "the return of Crimea" (Bukkvoll 2016: 273). By and large, these officials and Putin share the same beliefs, viewing the events in Ukraine as a US-orchestrated coup against a pro-Russian incumbent. These details suggest that, despite some advance planning, the decision was made by Putin in an informal setting rather than collectively at a Security Council meeting (Fortescue 2017).

While the official version may be part of Kremlin's effort to construct a legitimizing post-annexation narrative, a second account places the beginning of the operation prior to Yanukovych's ouster. Evidence in support of the second version can be found on a state medal awarded to the participants of the Crimea campaign, specifying 20 February–18 March as the dates of the operation (Gromenko 2019). Once this detail became publicized, images of the medal were removed from official websites. Even though one can draw only weak inferences based on such a minor element, the medal would suggest that the start of the annexation was related to the bout of violence in Kyiv on 20 February rather than Yanukovych's ousting on 23 February. It is quite plausible that Putin decided to seize Crimea once he realized that the tragic events on the Maidan accelerated the transfer of power to the pro-Western

opposition. If the second version is accurate, then even with a weaker Yanukovych in power, the Kremlin might have proceeded with the annexation plan. The annexation, thus, has been implemented in retaliation to the success of the Euromaidan protests, perceived as a major loss by the Kremlin.

Another aspect important for assessing the riskiness of the annexation operation concerns the level of advance planning. The Russian narrative emphasizes the adoption of a flexible approach to the unfolding events, rejecting any claims about advanced planning. Six weeks before the annexation operation, Putin (2013) stated during his annual press conference that the idea of Russia sending troops to Crimea belonged to the realm of fantasy. Three months later, the invasion was presented as a natural choice in light of the historical, religious, and strategic importance of the peninsula for Russia (Putin 2014b). Furthermore, a year after the event, Putin (2015) claimed that he came up with the initiative and directly supervised the annexation in February 2014, an assertion which aligns with the scholarly view of Putin as a gambling opportunist rather than a grand strategist (Marten 2015; Treisman 2018; Rhodes 2018; Dyson and Parent 2018: 94). Similarly, the move of the referendum date from May to March may suggest, as Treisman (2018) noted, that Putin lacked a well-thought-out plan regarding the final status of Crimea. Yet, the date change could also point to the fact that the occupation, meeting no resistance, proceeded faster than expected. Girkin (2020), a former insider, claimed that the FSB could not have come up with an elaborate plan much in advance, because the agency was going with the flow, reacting to events much like the old KGB did.

Still, Ukrainian decision-makers, pro-Russian activists in Crimea, and Ukrainian scholars contradict accounts about the lack of planning. Kuzio (2010), for instance, anticipated a decade before the events that Russia and Ukraine would clash over Crimea. Turchynov (2015), the interim Ukrainian president during the crisis, claimed that he received intelligence detailing an annexation plan from 2005 in retaliation to the Orange Revolution. Likewise, Chalyi (Snegirev 2014), the secessionist mayor of Sevastopol, spoke of two failed attempts to separate Crimea from Ukraine that took place

after the Orange Revolution and the Russian–Georgian War respectively. Indeed, new parties promoting separatism in Crimea and Donbas were founded in 2006 and 2010 (Vagner 2014). Then, there were other signs of advance planning. The operation took place in the timespan between two major sporting events hosted by Russia: the Sochi Winter Olympics (7–23 February) and the Paralympics (7–16 March). According to the Russian official version, the annexation began on the last day of the Winter Olympics, an occasion marked by enhanced national pride, which as McFaul notes (2018: 400) may have emboldened Putin to advance into Ukraine. Furthermore, two weeks ahead of the referendum, the Russian government approved the construction of the bridge over the Kerch strait, connecting Crimea to mainland Russia, a move signaling that the Russian leadership harbored no doubts about the outcome of the vote.

To minimize the costs of the annexation and confuse Western powers, Putin utilized plausible deniability. Before and immediately after the annexation, Moscow would claim that its special forces were not present on the peninsula. By denying any involvement, Putin not only misrepresented his intentions, but also sought to confer legitimacy and legality to the annexation, arguing that the independence referendum reflected the free will of the local population, engaging in a self-determination exercise. Putin's detailed admission of military involvement surfaced a year later in the celebratory film *Crimea—The Path to the Motherland* (2015), a sanitized version of events in which facts were mixed with propaganda.

Putin was aware that the West, specifically the US and Germany, could impose significant costs on Russia. A cursory analysis of the log on Kremlin's website reveals that, during the crisis, Angela Merkel called Putin at least nine times, Barack Obama—four, and David Cameron—three. Recep Tayyip Erdoğan, François Hollande, and Xi Jinping discussed Crimea too. Germany and the US were the main major powers interested in managing the crisis (Rhodes 2018: 264). In his conversations with Western leaders, Putin tried to convince them that the new powerholders in Kyiv were neo-Nazis threatening Russian speakers (Kerry 2018: 484).

Germany and the US worried about a full-blown war between Russia and Ukraine, advising Kyiv to act cautiously, while hoping to deter Russian aggression through economic sanctions (Obama 2014; Merkel 2014).

Merkel and Obama could not have been sure of Putin's real intentions (Rhodes 2018: 264). Given the earlier deployment of special forces, the authorization from the Federation Council to use force was perceived by Western leaders as a step toward war. Simultaneously, the Russian armed forces were placed on high alert, conducting snap exercises in the Western and Central Military Districts (26 February–3 March) involving 150,000 army, navy, and air force personnel. Deliberately comparing the situation in Crimea to the Cuban Missile Crisis, Putin (2015) claimed that he went against the suggestions of his advisers and refused to deploy the strategic nuclear arsenal. Still, to signal posturing, Russia conducted strategic nuclear drills in late March 2014, simulating a defense against a massive nuclear attack (Vladykin 2014). In that context, German and American leaders, much like their Ukrainian counterparts, were trying to assess whether the massive troop movements were in fact preparations for a large-scale invasion or mere posturing.

Despite calls from Republicans and foreign policy hawks, the Obama administration avoided any retaliatory steps that would have escalated the crisis (Rhodes 2018: 264–67). Even though the US was quick to introduce symbolic sanctions, Putin knew that Obama reset America's relations with Russia less than a year after the war against Georgia. Moreover, the US was winding down its involvement in Afghanistan and Iraq and was unwilling to get entangled in new conflicts in Syria and even less so in Ukraine. Still, the risk of unintended escalation remained high. Apparently, without Putin's knowledge, the captain of a Russian ship threatened USS Donald Cook, an American destroyer sent to the Black Sea after the annexation (Mulrine 2014). Furthermore, in a show of resolve, Bastion, a high-precision coastal missile defense system, was swiftly brought from the mainland and deployed on the peninsula so that, easily detected by Western satellites, it would deter NATO from intervening (Putin 2015).

The economic costs surprised Putin. Remembering the lack of a strong American response to the 2008 Russian–Georgian War, the Russians miscalculated the Western reaction. Bukkvoll (2016: 277) notes that Putin did not believe in the likelihood of sanctions, whereas other Russian officials thought of the annexation as risky. Once the sanctions were in place, Putin (2015) downplayed the costs of the annexation, arguing that defending the interests of ethnic Russians and correcting what he regarded as a historical injustice could not be measured in material terms. Moscow, however, worried about costs. When Glaz'ev (2014), a presidential adviser, claimed with much bravado that Russia could sell its US treasuries and cause the collapse of the American financial system, the Kremlin quickly issued a rebuttal.

Decision-makers in Moscow and Kyiv were correct in assessing that the US and EU could not defend Ukraine's borders. Ukraine, unlike the Baltic States, was not offered NATO membership and thus had to rely on its own armed forces. The crisis proved right those scholars arguing in favor of Ukraine retaining its nuclear deterrent in the 1990s (Mearsheimer 1993). Even though two decades earlier the US rejected Iraq's annexation of Kuwait, the Obama administration adopted a rather cautious approach with regards to Ukraine, refusing to sell Kyiv lethal weapons to avoid further escalation (Obama 2014; Entous 2014). As Kerry (2018: 484) noted in his memoirs, the US was more interested in helping Ukrainians help themselves and keeping Europe united behind economic sanctions rather than fueling a conflict among major powers.

The riskiness of the choice may also be tied to the personality and beliefs of the chief decision-maker. Whereas prospect theory assumes that individuals have the same sensitivity to risk, it could be argued that some political leaders prefer more risk compared to others. Scholars have generally highlighted Putin's predictability. Dyson (2001: 344) observed that "Putin is unlikely to make rash, impulsive or emotional gestures that interfere with the rationality of political exchange." Gessen (2012: 58) concurred that Putin is not emotionally open. Furthermore, the absence of any information leaks during the annexation and Putin's (2014a) misrepresentation

of facts during his media appearances point to the effective management of information and the ability to deny facts for the sake of operational success. Gaddy and Hill (2015: 388) note as well that Putin is a strategic planner, who can learn from his policy mistakes, rather than an improviser. The only indication of risk-acceptant behavior is contained in Putin's first official biography. Its authors claim that Putin's KGB superiors believed that their apprentice had a diminished sense of danger, while, at the same time, describing him as a predictable and boring presidential candidate (see Gaddy and Hill 2015: 12).

Despite some evidence of advance planning, efforts to minimize the costs, and concerns about a Western response, the decision to annex Crimea was a calculated risk driven by the emotions associated with Yanukovych's ousting from power and Putin's perception that the US was behind the protests in Kyiv.

Reference Points and Loss Aversion

Prospect theory explains choice under risk in relation to changes from a reference point framed as a gain or a loss. The reference point, a subjective assessment, can be the status quo, an expectation, or an aspiration influenced by social norms and interpersonal comparisons (Levy 1997; Mercer 2005). Putin's decision-making unfolded in an environment that was both fluid and strategic, suggesting that his intertemporal calculus of gains and losses evolved in relation to multiple reference points as well as his estimation of Kyiv's capacity to resist. While prospect theory explains such shifts in preferences in a dynamic setting (McDermott 2004: 292), it lacks a well-defined theory of the reference point. Scholars mention five complementary benchmarks to identify the domain of the decision-maker: status quo, aspirations, heuristics, analogies, and emotions (Mercer 2005: 4; Jervis 2017: 100).

Putin's perception of the status quo changed throughout the three critical junctures of the crisis. With Yanukovych in charge, Putin perceived control over the whole of Ukraine as the status quo (Zygar 2015: 63). Yanukovych's refusal to sign the AA was

interpreted as a policy gain, while the success of the Euromaidan protests was viewed as a loss (Bukkvoll 2016: 278). As the protests continued, Yanukovych reached an agreement with the political opposition to stay in power, a compromise reluctantly supported by Moscow. Hence, Putin's second reference point must have been an adjusted definition of the status quo in which Yanukovych remained in power despite the concessions made to the opposition. Yanukovych's departure from Kyiv, contrary to Kremlin's advice, must have been interpreted by Putin as a major loss (Putin 2014e). To recoup the loss, Putin annexed Crimea. In April 2014, he took more risk by supporting the Novorossiia project, an expansion plan aiming to establish Russia's direct control over large swaths of Ukraine (Putin 2014d). The success of the Crimean annexation put Putin in the domain of gains. As Kyiv's resistance intensified and Moscow's efforts to kindle insurrections across Ukrainian cities failed, Putin became more risk-averse and more hesitant to support the Novorossiia project, preferring instead to back militarily the two Donbas republics.

Besides the changing status quo in a conflict setting, identifying the reference point when a leader faces outcomes across multiple dimensions poses a major challenge (Vis and Kuijpers 2018). Putin cared both about Russia's influence over Ukraine's security policy and his domestic approval ratings (Treisman 2018). The success of the Euromaidan was perceived as a loss across both the foreign policy and domestic dimensions, generating a perception of weakness among Putin's nationalist supporters at home. By contrast, the annexation produced a rally around the flag effect. However, once Putin accepted a partial defeat in Donbas, refusing to escalate the conflict, he lost the nationalist vote (Kolstø 2016). This aligns with prospect theory's prediction that political leaders will incur higher risks to avoid short-run losses rather than face high risks to secure moderate gains (Jervis 2017: 88).

Besides the status quo, aspiration levels and social comparisons may define the reference point (Tversky and Kahneman 1992: 1046–1047; Mercer 2005). It could be argued that Putin, who worked as a civil servant and KGB officer, having been for two decades in power, developed certain goals and aspirations.

For instance, he regularly promised to transform Russia into a top economy and restore its international standing. At the same time, Putin's worldview is shaped by what he perceives to be a growing competition with the US for influence in Eastern Europe. From Putin's perspective, the loss of Ukraine did not square well with his aspiration to restore Russia's great power status. In this case, it is difficult to disentangle the effects on the definition of the status quo of great power aspirations and peer comparisons with the West. This may be an instance of multiple conjunctural causation, an aspect unaddressed by prospect theory, whereby status quo preferences, aspiration levels, and interstate comparisons, have a cumulative causal effect on the decision maker's perception of gains and losses.

Cognitive heuristics and analogical reasoning influence the way leaders define a reference point (McDermott 1992; Taliaferro 1994). Kahneman (2011: 117–55) describes three common cognitive heuristics concerning probability estimations: representativeness (i.e., substituting judgements of probability with stereotypical descriptions); anchoring (i.e., influence of a particular value on estimations of an unknown quantity); and availability (i.e., the process of judging frequency by the ease with which certain instances come to mind). While I found no evidence of anchoring and availability, evidence of representativeness can be traced to Putin's reliance on three overarching analogies. Putin viewed the Euromaidan as another Orange Revolution, an episode from which he learned that the pro-Western elites in Ukraine, once in power, would steer the country toward the EU and NATO. Ukraine's accession to NATO has always triggered Russia's opposition. In his 2007 speech at the Munich conference Putin criticized the US hegemony and NATO's enlargement, vowing to reverse the trend. Russia's opposition was one of the reasons Ukraine was not invited to join NATO at the Bucharest Summit (Gaddy and Hill 2015: 360). Moreover, Putin told the US President that Ukraine might lose Crimea and Eastern Ukraine if it were to join the alliance (Socor 2008), a detail which lends credence to the advance planning hypothesis discussed earlier.

Two additional analogies were commonly used by Putin during the crisis. The historical comparison with World War II dominated the official narrative on Ukraine. The Revolution of Dignity was characterized intentionally as the victory of ultranationalist forces (Fedor 2015). Putin, aware of the significance of World War II in Russia's collective memory, sought to elicit an emotional response from the Russian society and mobilize the Russian-speakers of Ukraine. It allowed him to reduce reality to an imaginary binary conflict between "us"—the noble, good, peace-loving, Orthodox Russians, and "them"—the stubborn Ukrainians, siding with the West, and revering controversial figures. The political exploitation of the past to fabricate the image of an aggressive Kyiv served to justify the self-determination referendum in Crimea, which would be equated to the Kosovo precedent, another equivalence invoked in Putin's (2014) Crimea speech but rejected by Western leaders (Merkel 2014).

Emotions influence the definition of the reference points too (Farnham 1992). During the crisis, Putin displayed a range of negative emotions. Kerry (2018: 487) observes that Lavrov could not negotiate successfully, because the Ukrainian issue was personal to Putin. McFaul (2018: 405) writes that Putin's stance toward Ukraine was driven by the desire for revenge as well as his desire to restore Russia's imperial borders rather than rational cost-benefit calculations. He showed contempt for Yanukovych, whom he regarded as a weak leader. By contrast, Putin always expressed anger toward the Euromaidan activists and the US. He portrayed the West as untrustworthy, accusing it of deceit, a claim fitting the broader resentful narrative about the West taking advantage of Russia (Hill and Gaddy 2015: 42; Bukkvoll 2016: 279). A related problem concerns Putin's references to national pride combined with his refusal to acknowledge Ukrainians' right to self-identification, and his misleading portrayal of the Russian-speaking Ukrainians as threatened by cultural assimilation.

Individuals quickly renormalize their reference points after making gains, something prospect theorists identify as the instant endowment effect (Kahneman, Knetsch, and Thaler 1991). In line with the endowment effect, it seems that Putin rapidly adjusted his

definition of the status quo to include Crimea, so that by 2015 Moscow rejected any negotiations about Crimea's status. Furthermore, the Russian authorities impose penalties on citizens questioning the "reunification" narrative. In contrast to Russia's quick adjustment to the new status quo, another prediction in line with the prospect theory is that in the long run, the Ukrainian leadership will refuse to accept Crimea as part of Russia.

Neo-imperial Framing

Choices made under risk are often shaped by the way the problem is framed. During the initial phase of decision-making when a range of options are available, "framing is controlled by the manner in which the choice problem is presented as well as by norms, habits, and expectancies of the decision maker" (Kahneman and Tversky 1986: 257). Kahneman and Tversky (1986) further establish that changes in the way outcomes are framed lead to violations of the expected utility model assumptions. Even though prospect theory as a reference-dependent explanatory framework lacks a clear account of how frames emerge (Levy 1997: 100), the origins of the frames used to explain the situation in Ukraine can be linked to ideological currents of neo-imperial origin.

Two types of framing processes can be identified. First, the crisis was framed strategically to elicit support among the domestic audience and mobilization among the Russian speakers in Ukraine. In Putin's discourse, four types of frames were present: neo-imperial ("a lost historical Russian land"); common identity ("saving ethnic Russians from assimilation"); religious ("the Christianization of Rus' began in Crimea"); and security ("NATO ships cannot dock in Sevastopol"). The major frame in the annexation narrative was of nationalist-imperial origin, emphasizing historical claims and an endangered common identity. The annexation was, in Putin's words, a compelled, but just choice, because "we could not abandon this historical Russian land and our people to the nationalists in Kyiv" (Putin 2014b). In presenting the status quo as a major loss, Putin engaged in what Mintz and Redd (2003) called purposeful framing. The nationalist-imperial frame was built around obvious

distortions regarding the nature of the Euromaidan protests. Aware of the salience of World War II in Russia's collective memory, Putin (2014b) described the social movement and the new powerholders in Kyiv in a dehumanizing manner as aggressive nationalists, whereas the state-owned media went further, using offensive terms to stir Ukrainophobia and negative emotions toward Ukraine among voters.

Second, prospect theory is silent about the origins of frames. The nationalist-neo-imperial frame did not emerge out of nowhere. It represents a collective construct, involving Putin's entourage and the state-owned media, as well as multiple actors linked to a strain of messianic, Orthodox conservatism. Scholars studying the Russian war against Ukraine are reticent to use the term *neo-imperial* as too old-fashioned to describe the annexation, associating it with the discredited slogans of the defunct Communist regimes. However, *neo-imperial* in the context of the Ukraine-Russia relations refers to both territorial conquest as a foreign policy tool from a bygone era as well as the fact that the imperial history of Russia served as a source of inspiration for the Novorossiia plan. The nationalist element of the frame is noticeable in the statements of the Russian leader and his inner circle, whereby the notion of Russia as a kin-state for the ethnic Russians in Ukraine purports to protect them from assimilation. In doing so, the rights of Ukrainians to self-identify as a nation distinct from Russians and have their own state with inviolable borders are denied. Kuzio (2020) provides multiple examples illustrating this anti-Ukrainian bias. Putin's (2021) last historical essay about the unity of Russians and Ukrainians points to the continuing relevance of the nationalist-neo-imperial frame. By contrast, given Russia's ethnolinguistic and religious diversity, Putin generally refrains from articulating domestic appeals in narrow ethnic terms, preferring to speak instead of a multiethnic Eurasian civilizational identity. As such this nationalist-neo-imperial frame reflects prejudiced beliefs about Ukraine and Ukrainians held by Russian state officials.

The imperial past rarely served as a source for Russian foreign policy frames. To understand the long-term goals of the imperial faction in the Kremlin as opposed to the liberal group, one needs to

clarify the goals of the failed Novorossiia adventure. The idea of recreating Novorossiia, a region of the tsarist empire stretching from Donbas to Odessa, originated in Russia's nationalist circles in the early 1990s (Solchanyk 1994). It was resuscitated by the monarchist intelligentsia with close ties to the Orthodox Church, members of the intelligence apparatus, Christian entrepreneurs, and the Presidential Administration (Coalson 2015). Putin first mentioned Novorossiia in April 2014, when he was still in the domain of losses and willing to advance further in Ukraine. While Putin himself lacks a coherent ideology, his key advisors on Ukraine—Vladislav Surkov, Sergei Glaz'ev, and Aleksandr Dugin—displayed nationalist-neo-imperial worldviews. Consequently, Putin's framing of the annexation can also be traced to the advisory structure in the Kremlin at that time.

The Novorossiia plan most likely originated from Putin's most hawkish advisor—Surkov, regarded as the architect of the hybrid war in Donbas. Known for formulating the doctrine of sovereign democracy, and an apologist of Putinism as a governing model, Surkov expressed the belief that Putin was sent by destiny and God to rule Russia. Surkov's views of Ukrainians are heavily biased. His Ukrainophobia became apparent when he declared that individuals self-identifying as Ukrainian suffered from "mental health issues," that the Ukrainian nation did not exist, and that the Donbas war was necessary to impose brotherly relations on Ukraine (Surkov 2020). Tasked with negotiating a conflict settlement, Surkov (2020) viewed the federalization of Ukraine as a humiliation for Russia and a victory for Ukraine. Once Putin adopted a more conciliatory stance toward Ukraine, Surkov left the Kremlin, but his inflammatory statements prompted the Presidential Administration to distance itself from the former advisor.

Another key adviser on Ukraine was Sergei Glaz'ev. A critic of the Washington Consensus, Milton Friedman, and Russia's Central Bank, Glaz'ev was not part of Putin's inner circle, joining the Kremlin as a representative of the ultranationalist forces associated with the Rodina Party. As Ukraine was concluding its negotiations with the EU, Glaz'ev, a native of Southern Ukraine, started spending more time in Kyiv, persuading officials there that the AA would

damage economic ties with Russia. Glaz'ev (2014) called on Yanukovych to suppress the protests and federalize Ukraine, which, in his view, would have allowed the establishment of simultaneous free trade regimes with the EU and Russia. Leaks of intercepted conversations also pointed to Glaz'ev's role in funding and guiding the anti-Euromaidan protests, which were supposed to provoke the secession of the so-called Novorossiia (Umland 2016).

Both Surkov and Glaz'ev overestimated the strength of the pro-Russian secessionist sentiment in Ukraine. Convinced that ethnic Russians and Russian speakers would mobilize in support of Novorossiia, they were surprised by the lack of popular enthusiasm for the separatist cause. Their initial overconfidence illustrates groupthink—"a tendency toward premature and extreme concurrence-seeking within a cohesive policy-making group under stress" (t'Hart *et al.* 1997: 10). The flawed deliberation style generated unrealistic expectations regarding the capacity of the Kremlin to undermine nation-building in Ukraine via exacerbations of its ethnolinguistic and regional divisions.

Besides Putin's top associates, a network of organizations and individuals pushed for an expansionist foreign policy. An unofficial advisor promoting the Novorossiia project, Aleksandr Dugin, the organizer of the Neo-Eurasianist movement long active in Ukraine, backed the annexation as the initial step toward the revival of a modern version of the tsarist empire (Zygar 2016: 194). The Russian Orthodox Church and the largest Christian charity sponsored by Konstantin Malofeev, a radical Orthodox monarchist millionaire, funded the annexation, and, probably, explored the terrain by bringing the Gifts of the Magi, a collection of ancient Christian relics, to Kyiv and Sevastopol during the Euromaidan (Weaver 2014; Girkin 2020). The Institute for Strategic Studies, a governmental think-tank led by Leonid Reshetnikov, known for his messianic beliefs about Putin as the new Tsar, produced a strategy memo, which shaped Kremlin's Ukraine policy (Coalson 2015; Sytin 2015). In addition to these figures and organizations, a fringe orthodox TV station, *Tsargrad TV*, and the Russian Imperial Movement, now banned in the West as a terrorist organization, propagated the Novorossiia idea. Kremlin's policy toward Ukraine was thus

articulated by veteran advisers holding pro-imperial, conservative, and radical religious ideas, coupled with Ukrainophobia. Recent movements of troops at Ukraine's border, tensions in the Kerch strait and the Azov Sea, and Putin's statements indicate that he shares these views. However, as he adopted a more practical approach toward Ukraine, the pro-imperial faction seems to have lost its influence over foreign policymaking. It continued to hold sway in other areas of political life as demonstrated by the introduction of a series of constitutional amendments referring to religion, traditional family values, and Russian as the language of the state-forming people.

The ascendance of the nationalist-neo-imperial frame among the Kremlin elites can be tied to the broader ideological adjustment of the ruling party's conservative ideology through the appropriation of themes propagated by far-right and monarchist groups. Public figures such as Egor Kholmogorov, Nataliia Narochnitskaia, Konstantin Zatulin, Aleksandr Prokhanov, the media outlet *Zavtra* and *Tsargrad TV*, the Izborsky Club, the Double-Headed Eagle Society, radical Christian organizations, Orthodox Third Romist groups voiced enthusiasm for the war against Ukraine. In this respect, scholars citing high levels of public support for the annexation inside Russia should also consider the effect of the state propaganda and of the numerous organizations agitating in favor of war on the views of the electorate.

The origins of the Crimea annexation frames can thus be linked to the rising influence in the public sphere and state bureaucracy of groups nostalgic for the imperial era and shaping the discourse about Ukraine. The Kremlin's strategic framing of the annexation and the broader policy toward Ukraine reflect, among other things, the dominance of a neo-imperial, monarchist, conservative ideology legitimizing domestic illiberalism and militarism abroad.

Explaining the Failure to Defend Crimea

Prospect theory is largely silent on how a decision-maker's choice may be affected by interactions with other actors. But Russia's

annexation calculus must have included an assessment of Ukraine's capacity to react against aggression. That is why Kyiv's inaction must be factored in when focusing on decision-making in Moscow. The decision not to escalate in Crimea was itself the outcome of collective deliberation that needs to be properly analyzed. The declassified minutes of the 28 February meeting of Ukraine's National Defence and Security Council (NSDC) and recent statements by the Ukrainian decision makers allow us to clarify the causes behind Ukraine's failure to resist in Crimea. Ukraine's vulnerability increased after its leadership defected, providing Putin with a brief window of opportunity to deploy special forces across the peninsula and take control. From a military standpoint, the Russian use of force in Ukraine was qualitatively superior compared to the military campaign against Georgia. In this sense, the annexation, largely a special troops operation, benefited from Russia's post-2008 reforms of the military sector and the creation of rapid reaction units based on military professionals rather than conscripts (Bartles and McDermott 2014).

Kyiv's inability to repel the aggression in Crimea can be traced to four factors. First, Yanukovych's exit amidst a revolutionary situation created a power vacuum, paralyzing the capacity of the Ukrainian state to react to foreign attacks. In essence, Ukraine's commander-in-chief and top state officials sided with the adversary. Russia's representative at the UN presented a letter from Yanukovych in which the deposed president requested Moscow's military assistance. Besides the defection of the commander-in-chief, Kyiv's position was further aggravated by the prolonged negotiations and intense bickering over the distribution of ministerial portfolios among coalition partners. Thus, while foreign troops were occupying Crimea, the Ukrainian state lacked a functional government and military leadership.

A second key aspect preventing an effective response relates to the weak loyalty to the Ukrainian state in Crimea. While the reluctance of the average citizen in Crimea to display allegiance to Kyiv is traceable to the 1990s, the defections of state officials deserve more attention. Russia skillfully relied on a mix of positive and negative incentives to persuade Ukrainian officers to desert. Agents

of the Russian state promised material benefits, jobs, and similar career paths in the Russian military. An illustrative example is the case of Denis Berezovskii, the commander of the Ukrainian navy, who switched sides a day after his selection by the new government in Kyiv. After annexation, Berezovskii was appointed deputy commander of the Russian Black Sea Fleet Kuzio and D'Anieri (2018: 100) mention multiple similar instances. Ihor Teniukh, a defence minister in the so-called kamikaze government, estimated that out of Ukraine's 15,000 troops stationed in Crimea, merely two thousand were willing to fight as most of the troops were local career soldiers (NSDC 2014). After being criticized for the slow withdrawal from Crimea of the loyal military personnel, Teniukh resigned (Reuters 2014). Natal'ia Poklonskaia, a former Ukrainian prosecutor became a United Russia MP out of "patriotic duty" (Gordon 2020a). Likewise, media reports alleged that the two defence ministers preceding the annexation held Russian citizenship (Gordon 2020b). Such loyalty reversals reflect a broader challenge faced by the Ukrainian state in instilling a strong allegiance among its officials.

Moscow also enjoyed a decisive informational advantage over Kyiv. Not only was Russia able to shape the narrative about the annexation via disinformation campaigns, but it always seemed a step ahead of Kyiv in Crimea. Several examples illustrate this point. In *Crimea—The Path to the Motherland*, Putin revealed that the military intelligence cut off the special communication channels of the Ukrainian army, forcing Kyiv to send orders to the units in Crimea through open channels, enabling Moscow to intercept the messages. Unsurprisingly, Putin was informed of the actions prepared by the Ukrainian military. Moscow also blocked Ukraine's military communications using the Night Wolves, an association of bikers often acting in Kremlin's interest. The Ukrainian general Koval, carrying a shooting order to the military unit in Feodosia, was captured and then released by the Night Wolves.

The key factor inhibiting a quick response pertained to the substantial disagreements among the Ukrainian decision makers on the best military strategy to counter foreign aggression. The declassified NSDC minutes from 28 February revealed that the Ukrainian leadership was split between those recommending a full

military mobilization and those fearing that such an action would provoke a massive Russian invasion. Oleksandr Turchynov, the interim President, proposed the introduction of the martial law and an immediate call to arms. His initiative was not backed by other NSDC members. For instance, Yuliia Tymoshenko opposed the plan, suggesting that Ukrainians should act like "peace doves" (NSDC 2014). The NSDC members, aware of Ukraine's unprepared army, worried that decisive action would be perceived by Moscow as a declaration of war and would invite direct aggression from the East, where Russian troops on high alert were conducting tactical exercises.

It is also striking that Putin tried to directly influence the decision-making in Kyiv. During the key NSDC meeting on 28 February, Sergei Naryshkin, the Speaker of the Russian Duma, called Turchynov to convey Putin's threat that Kyiv's resistance would offer Russia a pretext to launch an invasion (NSDC 2014). Turchynov bluffed, telling the Russians that he had ordered the units in Crimea to shoot in case of an attack, a move that probably delayed the capturing of the loyal bases on the peninsula (Turchynov 2020). A misconception entertained by most NSDC members centered on the idea that the international community could deter Russia's aggression. Once they realized that NATO and the US would not intervene, decision makers in Kyiv invoked legal instruments and international organizations as ways to rally support against the invasion. The declassified documents reveal that on 28 February, the NSDC members were aware of Putin's intention to carry out annexation, the prevailing mood in Crimea, the widespread defections, the occupation of strategic infrastructure nodes, and the ongoing troop transfers from continental Russia.

In all, Moscow must have factored in Ukraine's military weakness and the lack of a functional government, expecting to meet weak resistance. The annexation operation was conducted under the most favorable conditions—a power vacuum in Kyiv, widespread disloyalty toward the state in Crimea, Moscow's interception of strategic communications, and disagreements

among the Ukrainian political elite on how to respond to the Russian aggression.

Conclusion

This essay contributed to the literature on foreign policy decision-making by adopting prospect theory as an explanatory framework. It demonstrated how loss aversion, reference dependence, strategic framing, emotions, aspirations, and cognitive heuristics shaped the decision-making process leading to the annexation of Crimea. Even though information regarding the deliberations in Moscow and Kyiv remains limited and potentially biased, the reconstruction of the decision-making throughout the crisis revealed evidence of advanced planning as well as the significant influence of a pro-imperial, ultranationalist faction in the Kremlin. In line with prospect theory, throughout the turning points of the Ukrainian crisis, the risk orientation of the Russian president varied, depending on whether he was situated in the domain of losses or gains. In implementing the plan, Russia did not meet significant opposition, mostly due to pre-existing secessionism, disloyalty among the Ukrainian state officials, the breakdown of order, and the Western preference for de-escalation. However, despite its military superiority and non-utilitarian rhetoric, Russia cared about costs. That is why it relied on misleading tactics, blended different modes of warfare, chose the optimal timing for the invasion, concealed its intervention plans, engaged in deceptive posturing, and even directly interfered with the decision-making in Kyiv.

While the study has privileged prospect theory over other approaches in explaining the foreign policy decision, it does not pretend to offer a comprehensive account of the annexation. The relationship of prospect theory to other theories as well as the multitude of potential explanatory factors point to the need to develop a more nuanced explanation of the decision-making process. Insights derived from alternative theoretical traditions could illuminate additional causal mechanisms. For instance, the prospect theoretical explanation could be extended to incorporate the diversionary theory of war, which assumes that leaders initiate

armed conflicts to remain in power (Levy and Vakili 1992). Adopting the diversionary logic, a quick victorious campaign against Ukraine may have been planned to divert the public attention from corruption and economic stagnation, boosting Putin's domestic approval ratings via a rally around the flag effect. Putin relied on sociological surveys to gauge support for annexation, which indicates that the domain of gains extended to domestic politics as he probably would have not annexed Crimea had Russian public opinion opposed such a policy. Still, the validity of the diversionary thesis is questionable. Having suppressed the Bolotnaia protests, Putin did not face any major challenges to his rule. High oil prices ensured the viability of the regime and provided sufficient resources for the subsequent interventions in Ukraine and Syria. While the annexation consolidated the authoritarian regime, a diversionary conflict would have had to be launched at the end of the presidential term to generate more electoral gains.

Likewise, it is useful to compare prospect theory to its main rival—the standard expected utility theory of war. Following Mesquita (1980) and Fearon (1995), one could regard Putin as a rational utility maximizer, weighting gains and losses equally. Indeed, prospect theory and rational choice theory share the idea of bounded rationality. Prior to invading Ukraine, Putin (2014c) was calculating the costs of an eventual loss of the naval base in Sevastopol, the economic damage of the AA, the mobilizational potential among the Russians living in Ukraine as well as the likelihood of a Western military involvement. Still, Fearon's (1995) standard model of war is unfit to explain how changes in Putin's perception of losses during the crisis led to his choosing the riskiest option.

As new sources emerge, prospect theory explanations of the Crimean annexation should also consider organizational dynamics and bureaucratic politics. The classic analysis of the Cuban Missile Crisis by Allison and Zelikow (1999) explained how bureaucracy may constrain policymakers, demonstrating that planning in large organizations often relies on standard operational procedures, complicated by conflicting agendas, budgeting needs, inter-bureaucratic competition, and miscommunications. Along similar

lines, due to the lack of information, it is unclear whether Putin tried to reach a consensus within the decision-making group, accepting input from his associates, or whether the members of his inner circle uncritically approved the choice. As prospect theory focuses narrowly on individual decision-making such group and bureaucratic processes need to be integrated as part of the explanation.

Finally, theoretical explanations of the annexation cannot gloss over the neo-imperial mindset that drove the calculus of the Russian leadership. After all, Russia is alarmed about power transfers in the post-Soviet states precisely because it regards them as remnants of the former empire. Critics of the term neo-imperial applied in relation to Russia misleadingly assume that it refers to a grand strategy aimed at restoring the Soviet state or the Tsarist Empire through military conquest. They argue that Russia's leadership could easily occupy the neighboring republics but shows restraint. Although the Russian leader did claim that the demise of the Soviet Union was the greatest geopolitical tragedy of the twentieth century, the term neo-imperial in this paper refers to a different phenomenon—the reluctance of the Russian ruling elites to accept the outcome of the Cold War, that is, the Soviet disintegration and Russia's new post-imperial condition. The Russian leadership's portrayal of Ukraine as an artificial state populated by a fraternal nation led astray by nationalist politicians and the West illustrates well the worldview behind the 2014–2015 intervention in Ukraine. The prospect theoretic calculus incorporated, among other things, frames derived from the imperial past (i.e., Novorossiia) and the logic whereby the former metropole refuses to accept Ukrainians as a distinct nation, having the right to a sovereign state.

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