

Governors as Poster-Candidates in Russia's Legislative Elections, 2003-2008

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Abstract:

This paper advances the literature on democratization and federalism by showing that federal institutions can create incentives and open opportunities for the formation of rent-seeking coalitions between regional incumbents and national party bosses. It develops a simple game theory model to predict when such coalitions will be formed and tests it using a unique panel dataset on Russian party finances, regional elites' backgrounds, and regional socioeconomic conditions. The paper finds that these coalitions are more likely to form when national political parties lack adequate resources and when regional elites have heterogeneous interests. The findings of the paper challenge the conventional wisdom that subnational governments serve as training grounds for national elites.

Introduction

Over the past decade, scholarly interest in the relationship between federalism and democracy intensified worldwide as evidence accumulated that the Third Wave of democratization was at best superficial and failed to eliminate authoritarian rule at the subnational level.¹ Partial democratization resulted from the devolution of decision-making authority to the subnational governments, unaccompanied by concurrent strengthening of the mechanisms for keeping incumbents accountable to electorates. This mismatch created a strong incentive for regional actors to preserve the status quo and to delay building national political parties, an independent judiciary, a free mass media, and other institutions required for democratic consolidation. The resistance of subnational actors to democratic consolidation then gives rise to the following question: How to persuade local elites who benefited from partial reforms to participate in building of new democratic institutions while at the same time shielding already existing ones from contamination by authoritarian practices?

This study addresses this question through the prism of Russia's failed transition to democracy. Like democratization in Latin American countries, Russia's democratization at the national level was accompanied by the rise of regional authoritarianism based on electoral fraud, suppression of opposition, and control over mass media.² This patchwork democratization became a poor ground for launching

¹ David Samuels, "Federalism and Democratic Transitions: The "New Politics of the Governors in Brazil," *Publius* 30 (Spring 2000); Edward Gibson, *Federalism and Democracy in Latin America* (Baltimore: Johns Hopkins University Press, 2004); Rebecca Bill Chavez, "The Construction of the Rule of Law in Argentina: A Tale of Two Provinces," *Comparative Politics* 35 (July 2003); Vladimir Gel'man and Tomila Lankina, "Authoritarian Versus Democratic Diffusions: Explaining Institutional Choices in Russia's Local Government," *Post-Soviet Affairs* 24 (January 2008):0-62; Edward L. Gibson, "Boundary Control: Subnational Authoritarianism in Democratic Countries," *World Politics* 58 (October 2005):101-32; Patrick Heller, "Degrees of Democracy: Some Comparative Lessons from India," *World Politics* 52 (July 2000): 484-519; Kelly M. McMann, *Economic Autonomy and Democracy: Hybrid Regimes in Russia and Kyrgyzstan* (New York, NY: Cambridge University Press, 2006); Ariane Lambert-Mogiliansky, Konstantin Sonin, and Ekaterina Zhuravskaya, "Are Russian Commercial Courts Biased? Evidence from Bankruptcy Law Transplant," *Journal of Comparative Economics* 35 (June 2007):254-77; Richard Snyder, "After the State Withdraws: Neoliberalism and Subnational Authoritarian Regimes in Mexico," in *Subnational Politics and Democratization in Mexico*, ed. W. Cornelius, T. Eisenstadt, and J. Hindley (La Jolla, CA: Center for U.S. -Mexican Studies, University of California, San Diego, 1999); Kathryn Stoner-Weiss, *Local Heroes: The Political Economy of Russian Regional Governance* (Princeton: Princeton University Press, 1997).

² Nikolay Petrov, Regional Models of Democratic Development, in Michael McFaul, Nikolai Petrov, and Andrei Ryabov, eds. *Between Dictatorship and Democracy: Russian Post-Communist Political Reform* (Washington, DC: Carnegie Endowment for International Peace, 2004).

institutional reforms and attracting regional elites to national parties committed to democratic values. Instead of investing resources into party organizations, regional incumbents built their own political machines to send candidates of their liking to the national parliament.³ Weak party institutionalization undermined discipline in the national parliament (Duma) and compromised the system of checks-and-balances by encouraging the president to rely on decrees to circumvent the unruly Duma. At the same time, disorganized legislators found themselves incapable of curbing presidential abuses of power. The absence of regional party branches also led to representational asymmetries between the center and periphery because resource constrained parties could recruit candidates and campaign only in Moscow and its neighboring regions.

When President Putin assumed office in 2000, his goal became to create a party system with nation-wide geographic coverage, which he achieved by attracting regional elites to the United Russia party.⁴ However, regional elite support manifested itself in a very peculiar form: they ran on the United Russia ticket, won votes, but after having qualified for parliamentary seats, abdicated them in favor of candidates ranked lower on the party ballot. In both 2003 and 2007 Duma elections, one third of United Russia candidates eligible to become national deputies turned down this opportunity, making it possible for candidates ranked lower on the party ballot to get seated.⁵

Party bosses' behind the scenes manipulation who gets to serve as a Duma deputy severely compromised the essence of elections as "instruments of democracy." As Powell points out, in a proportional system, elections present voters with an opportunity to choose delegates who will bargain on their behalf with other parties.⁶ The replacement of

³ Henry Hale, "Correlates of Clientelism: Political Economy, Politicized Ethnicity, and Post-Communist Transition," in Herbert Kitschelt and Steven I. Wilkinson, eds., *Patrons, Clients, and Policies: Patterns of Democratic Accountability and Political Competition* (New York, NY: Cambridge University Press, 2006); Grigorii Golosov, *Political Parties in the Regions of Russia: Democracy Unclaimed* (Boulder, CO: Lynne Rienner Publishers, 2004); Henry E. Hale, *Why not Parties in Russia? Democracy, Federalism, and the State* (Cambridge; New York: Cambridge University Press, 2006); Regina Smyth, *Candidate Strategies and Electoral Competition in the Russian Federation* (Cambridge; New York: Cambridge University Press, 2006)

⁴ Ora John Reuter and Thomas Remington, "Dominant Party Regimes and the Commitment Problem: The Case of United Russia," *Comparative Political Studies* (forthcoming)

⁵ "Central Election Commission of Russian Federation, Decree N 72/620-4 (December 24, 2003)" *Rossiiskaya Gazeta* (December 27, 2003); "Gosduma Kotoruyu Ne Vibrali," *Gazeta.ru* at <http://www.gazeta.ru/politics/elections2007/articles/2424868.shtml> (February 16, 2008)

⁶ G. Bingham Powell, Jr. *Elections as Instruments of Democracy* (New Haven: Yale University Press, 2000)

elected candidates by actors unfamiliar to the electorate deprives voters of their delegates, thus destroying the links between incumbents and constituents and undermining popular trust in political parties. Furthermore, it reduces legislative professionalism because instead of sending professional politicians to the national parliament, the ruling party distributes seats to candidates who possess little or no policy-making experience.

How did this practice arise in Russia? Why did professional politicians agree to enter electoral competition if they did not seek a seat in a higher office? How does this practice affect the quality of governance? This paper answers these questions by examining a strategic environment in which local elites and party leaders bargained over allocation of slots on party lists. Party leaders in Moscow sought to recruit subnational office-holders who could provide resources to compensate for inadequate party infrastructure and personnel. United Russia's party leaders were more likely to form coalitions with regional elites and to nominate candidates who would voluntarily step down after winning a seat when national party did not have adequate resources. At the same time regional elites were more likely to cooperate with United Russia when gubernatorial and mayoral preferences over economic policies diverged.

I begin by discussing the institutional and attitudinal channels that enabled regional politicians influence the outcomes of national elections. I then develop a game theory model that provides insights into how intra-elite competition affected the probability of alliance between regional office holders and presidential party. I test the predictions of the model using a unique dataset on party finances. I conclude by discussing the relationship between federalism and democratic consolidation.

This paper contributes to the literature on democratic consolidation, political parties, and federalism by uncovering conditions without which democracy cannot flourish in a federal state. The key implication of this study is that regional politicians' aspirations for national office combined with compatible distribution of resources between national parties and regional incumbents create a solid foundation for democratic consolidation. Politicians' progressive ambitions expand the pool of qualified candidates who can challenge national officeholders, while compatible distribution of resources between national parties and regional incumbents promotes merit-based selection of candidates.

Although this study is based on data from Russia only, its conclusions travel beyond her borders because the phenomenon in question has been encountered in other federal states. The United States and Columbia in the past and Brazil in the present have also struggled to retain in the office candidates who won congressional seats. Since the Congress had fewer patronage and pork resources than state assemblies, politicians used national legislature as an opportunity to jumpstart their political careers in the state. Centralization of powers by the national government made this practice extinct in Columbia and the U.S..⁷ Russia's experience, however, deviates from this trend because the phenomenon of surrendered seats became more prevalent after more power became consolidated in Moscow. Thus, Russia, as a deviant case, presents an opportunity to reexamine the validity of underlying assumptions of already existing theories.

Part I: Governors and Mayors in National Elections

For their help with voter mobilization, the candidates who run but subsequently abdicate their seats are referred to by the Russian media as “locomotives” (*parovozi*) that head a train and propel the movement of the attached cars, but retreat to the roundhouse as soon as the election ends. Although the metaphor of a locomotive-candidate is commonly used in the Russian media, I will refer hereafter to candidates who win seats but decline to become deputies as “poster-candidates.” A within-party transfer of seats is possible because Russia uses a proportional system with multi-member districts and thus the transfer of seats does not require holding an additional election. But there are two loopholes that allow parties to abuse the system: the absence of penalties for the party when its candidates surrender their seats and the constitutional ambiguity that allows incumbents to run for a second office while still holding a first. in the constitutional law on the selection and recruitment of legislators.⁸ This legal void became first glaringly apparent in 2006 regional elections when the Folk Will party (*Narodnaya Volya*) nominated its leader as a candidate on the ballot simultaneously in six electoral districts.⁹ A year later, in the 2007 Duma elections United Russia pushed this practice even further

⁷ David Samuels, *Ambition, Federalism, and Legislative Politics in Brazil* (Cambridge: Cambridge University Press, 2003), Chapter 3; James Sterling Young, *The Washington Community 1800-1828* (New York: Columbia University Press, 1966), pp. 86-90; James L. Payne, *Patterns of Conflict in Columbia* (New Haven: Yale University Press, 1968)

⁸ Articles 96 and 97 of Russian Constitution

⁹ Kira Vasil'eva, “Postoy, ‘Parovoz’: S Podstavnimy Kandidatami v Partiynikh Spiskakh Ustal Borot'sya Dazhe TsIK ,” *Noviye Izvestiya*, October 12, 2008

by nominating the incumbent president Vladimir Putin on its ballot as one of the candidates for a legislative seat.

In the light of these abuses, Alexander Vishnyakov, the head of the Central Election Commission, lobbied the Duma in vain to close this loophole by introducing penalties for parties whose candidates refuse to become deputies. However, his effort failed because the proposed changes would primarily have impacted on United Russia, the party with the highest number of poster candidates. In 2003, 38 percent of candidates nominated on the United Russia ballot declined to get seated, compared to 2 percent for the Communist Party (KPRF) and 0 percent for Liberal Democratic Party (LDPR). Similarly, in 2007, United Russia nominated a substantially greater number of poster candidates than the two other parties (Table 1).

The effects of a such selection process on the quality of representation can be assessed by comparing professional backgrounds of poster candidates with the candidates sent to parliament instead of them (Table 2). While regional officials comprised an overwhelming majority of poster candidates (74.5 %), 24 percent of their seats were transferred to businessmen and 40 percent to national officeholders. The fact that businessmen enter the Duma through the backdoor opened by poster candidates is unsurprising in the light of anti-business attitudes of the electorate. But the prevalence of national policymakers among candidates who got reelected with the help of poster candidates points to the weakness of links between national deputies and their constituents.

Out of all regional officials, the heads of regions, governors, were most likely to run as poster candidates. In 1999, they accounted for 88 percent, in 2003, for 75 percent, and in 2007 for 63 percent of poster candidates. Governors also ran as poster candidates in 39 regional elections held between 2004 and 2008.

Governors dominate the category of poster candidates because they have more patronage resources than national officeholders because they control *de facto* federal employees by providing them with office space and housing, other perquisites of office.¹⁰ This allows governors turn state resources into electioneering tools. As Hale shows,

¹⁰ Kathryn Stoner-Weiss, *Resisting the State: Reform and Retrenchment in Post-Soviet Russia* (New York, NY: Cambridge University Press, 2006)

governors rely on their political machines not only to secure office for themselves but also to get national legislators elected. Governors' political machines are especially effective on the periphery as well as in regions with a high percentage of population receiving monetary transfers from the state.¹¹

Russian scholars frequently refer to governors' political machines as "administrative resources" (*administrativniy resurs*), i.e., the situation in which incumbents exploit the state.¹² Governors tailor administrative resources to the specific stages of a campaign. At the registration stage, governors, who appoint the heads of the Regional Election Commissions (REC), can use their control over the RECs to increase the costs of entry to the opposition parties. Numerous newspaper articles suggest that the RECs employ double standards while reviewing the paperwork submitted by the opposition and pro-Kremlin candidates.¹³ At the campaigning stage, governors can create an information blockade for the opposition by restricting its access to local TV stations, social events, and workplaces. Governors can also slow down the campaign of the opposition parties by sending tax police to their campaign office to examine financial records.¹⁴ On the day of election, gubernatorial staffs work the polling stations to inflate both turnout and party vote share.

Besides administrative resources, name recognition is another factor that makes governor a valuable ally to the party he decides to support. In the western political science literature, it is a convention to think of party labels as information shortcuts. The acquisition of information about candidates is costly, and voters use party labels as

¹¹ Henry Hale, "Correlates of Clientelism: Political Economy, Politicized Ethnicity, and Post-Communist Transition," ft. 3 supra

¹² For a discussion of similar practice at the national level see Anna Grzymala-Busse, "Political Competition and the Politicization of the State," *Comparative Political Studies* (December 2003); Andrey Y. Chuklinov, "Administrativniy Resurs: Problemi Upravlencheskogo Metoda," *Otechestvenniye Zapiski* 2 (2004) at http://magazines.russ.ru/oz/2004/2/2004_2_29-pr.html (February 3, 2008)

¹³ Viktor Khamrayev, "The Russian Federation. Elections: 'A Precedent With Far-Reaching Consequences,'" *The Current Digest of the Post-Soviet Press*, No.40 Vol.58, November 01, 2006; Nabi Abdullaev, "Battling to Get Back on Ballot," *The Moscow Times*, January 30, 2007: 3; "Stat' Deputatom ot Lyuboy Partii Udovol'stviye ne Deshevoye," <http://www.compromat.ru/main/duma/mestavspiske.htm> (January 12, 2008)

¹⁴ O.A. Matveychev and V.Y. Novikov, *Predvibornaya Kompaniya: Praktika Protiv Teorii* (Yekaterinburg: The University of Ural Press, 2003), Chapter 3 at <http://www.matveychev.ru> (February 3, 2008).

shortcuts for deciding whom to vote for.¹⁵ In Russia, the situation is reversed because parties are numerous, ephemeral, and non-programmatic. In 2003, 32 parties competed for the national office, and in 2007, 11. As survey evidence suggests, bewildered voters frequently lack a feel for party policy positions, and, hence base their choices on other heuristics, such as party leaders' personalities.¹⁶ Governors' names on a ballot can have a similar cueing effect because their endorsements of candidates do not go unnoticed. When, after the 2003 Duma election, respondents were asked if governors supported any party, 56 percent (n=341) of respondents were able to correctly recall the party's name.¹⁷ Respondents' attitudes toward parties and governors provide additional evidence that governors' names on ballots may increase party popularity. Surveys reveal that respondents rank higher governor influence than political parties. Table 3 compares the frequency distribution of responses to questions about the relative importance of parties and governors. Between 13 and 15 percent of respondents consider governors important political actors in Russia's politics, but only slightly more than 5 percent think that political parties are "very important." Thus, by placing a governor on a ballot the party may increase its credibility among the electorate, especially among voters in rural areas who tend to be less educated and less politically knowledgeable and voters distant from Moscow who seldom interact with national policymakers.

Governors' names are more familiar to voters than party policy positions not only because governors are less numerous but also they have been in office longer than most of the parties. In December 2007, an average gubernatorial term was seven years, whereas, only two parties in the 2007 Duma election (KPRF and LDPR) have been in office for more than seven years.

Incumbent governors can be grouped into three cohorts based on the time their first term began: the old guards, populists, and loyalists. The old guards cohort comprises seven region leaders who have been in office since 1991 or 1992 and were recruited from the former members of the Soviet *nomenklatura* even before the ratification of the

¹⁵ Richard R. Lau and David P. Redlawsk, "Advantages and Disadvantages of Cognitive Heuristics in Political Decision Making," *American Journal of Political Science* 45 (4) (October 2001): 951-71

¹⁶ Henry E. Hale, "Parties to Manipulation: Russia as a Case Study in Hybrid Regime Partisanship," Paper Presented at the AAASS annual meeting, 2007, p. 12; Ted Brader and Josh Tucker, "It's Nothing Personal? The Appeal of Party Leaders and the Development of Partisanship in Russia," at <http://as.nyu.edu/object/JoshuaTucker.html>

¹⁷ Author's estimates using Colton's survey data.

democratic constitution. Neither the introduction of popular elections for governors in 1996, nor President Putin's reform that abolished gubernatorial elections affected political destinies of this "magnificent seven." These seven governors built their own regional parties, won several successive elections, and, later, got reappointed by President Putin.¹⁸ The populist cohort is the most numerous and comprised 49 governors who came to office in the mid-1990s after winning the first-ever Russia's gubernatorial elections. Thus, their political fortunes were closely linked to regional economies and they were more likely to get reelected in regions where real wages grew faster than the national average. They won votes by pressing businessmen to share profits with workers and by increasing budgetary outlays to public sector employees.¹⁹ The loyalist cohort comprises 25 governors who were appointed by Putin after 2004, the year when gubernatorial elections were abolished. This group includes prominent businessmen and former members of the president administration and the cabinet.

The above classification of governors suggests that in 2007, at the time when United Russia was only entering its second election, 75 percent of the governors had been in office for longer than the party. They could present to the electorate a longer list of accomplishments which were more impressive than party platforms. Therefore governors' names on the United Russia ballot functioned to increase party credibility.

Part II: Governors and their Rivals: Regional Party Bosses and Mayors

This section explains why governors enter elections but then abdicate their seats. Access to patronage resources constitutes one of these motivations. In the political science literature, the term "patronage" is a convention describing the distribution of positions in the public sector in exchange for votes. In Russia, however, slots on a party ballot are an alternative method of awarding constituents. Lobbying by professional organizations is still in a nascent stage in Russia; therefore, many large business corporations seek to influence policy outcomes by turning their top executives into Duma deputies. They are even willing to bribe party leaders to get nominated. According to informal sources, safe slots on the LDPR ballot were sold for as much as \$5 million in the

¹⁸ Y.A. Solov'yev, *Vizhivshiy Regional'niy Lider Epokhi Peremen* (Moscow: Al'pina Business Books, 2006); Institut Sovremennoy Politiki, *Vlast': Gubernatori Rossii* (Moscow: SOLID Press, 1996)

¹⁹ Andrew Konitzer, *Voting for Russia's Governors: Regional Elections and Accountability under Yeltsin and Putin* (Washington D.C.: Woodrow Wilson Center Press, 2005), pp. 160-69.

2007 Duma election and between \$70,000 and \$230,000 in regional elections.²⁰ So, the actors who control the access to party ballot can enrich themselves by granting slots selectively to businessmen and other special interests.

Opaque process of candidate selection facilitates such abuses. Candidates are nominated on party caucuses, ironically called “primaries,” and restrict the number of actors who can vote on potential nominees to a handful of specially designated delegates from local party branches. Delegates cast votes usually on already prepackaged slates of candidates. And actors who have agenda setting power and who put together those names are gatekeepers to the ballot.

Parties grant the power to organize party caucuses and select candidates to party first secretaries (hereafter, party bosses) who control the nomination process. Party bosses are elected by party rank and file party members to manage party regional branches. Since these positions are unpaid, party bosses also hold regular jobs. In one third of the regions, party bosses are regional deputies or speakers in regional assemblies, in the other third, they are employed in non-profit sector, and only in three regions this positions are held by governors. Since the party leadership relies on party as an instrument of oversight over governors, governors’ control of party organization is strongly discouraged by Moscow (Table 4).

Formal Model of Candidate Selection

The process of candidate selection can be represented by a simple sequential game of complete and perfect information involving two players: Party Boss and Governor. Party Boss moves first by offering Governor the number of slots on the party ballot: $g \in [0, N]$, where N is the total number seats contested. After observing g , Governor rejects (R) or accepts (A). The payoffs are as follows:

²⁰ Pavel Tolstikh, “Lobbisty Chetvertogo Soziva,” Russia’s center for the Studying of Business Governmnet Relations (December 10, 2007) at < http://www.lobbying.ru/index.php?article_id=2525&link_id=16 > (February 7, 2008); Igor’ Bel’skikh, “Mesto v Spiske,” *Delovoe Povolzh’ye* No. 23 (July 22, 2005); Valeriy Tseplayev, “Analis: Tayni Partiynikh Spiskov,” *Argumenty i Fakty* No 41 (October 13, 1999); Mikhail V’yugin, “Politica-Economica: Zamikaniye v Yacheyke,” *Vremya novostey*, No.207 (November 08, 2005): 4; Aleksander Deryabin, “Valeriy Khomyakov: ‘Parityniye Budzheti Delo Temnoye’,” *Nezavisimaia gazeta*, No.220, (October 16, 2007)

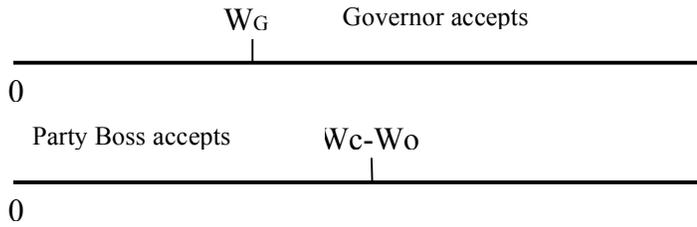
| | Governor accepts | Governor rejects |
|------------|------------------|------------------|
| Governor | g | w_G |
| Party Boss | $w_c - g$ | w_0 |

where, w_G is Governor's reservation threshold, i.e. the value that he derives from not being nominated by the party; w_0 is Party Boss' reservation threshold. These thresholds can be thought of as actors' confidence in their own skills and resources with higher degree of confidence corresponding to a higher threshold.

The existence of solution will depend on the values of w_G , w_0 and w_c . For now assume that $w_c - w_0 \geq w_G$; i.e, Party Boss' surplus from forming a coalition is greater than Governor's reservation threshold. Since Party Boss seeks to maximize his surplus from forming a coalition, he will offer the smallest number of seats that Governor will accept. Governor will accept any offer that leaves him with a higher payoff than his reservation threshold. Sub-game perfect equilibrium of the game consists of the following strategies: For a given value of g , Governor will accept if $g \geq w_G$, and will reject otherwise, while Party Boss will offer $g = w_G$. For any offer lower than w_G , the equilibrium number of seats received by Governor (g^*) will be zero, for any offer equal to or higher than w_G , $g^* = w_G$.

The equilibrium offer (g^*) must satisfy two inequalities: $g^* \geq w_G$ and $g^* \leq w_c - w_0$, and these conditions are presented graphically in Figure 1. Governor will accept any offer to the right of w_G , while Party Boss, will offer number of seats only up to and including the point $w_c - w_0$. A coalition will be formed when the acceptance regions overlap, i.e. the interval $[w_c - w_0, w_G]$ is not empty. This interval shrinks when 1) w_G increases; 2) w_0 increases; 3) w_c decreases. Therefore, to understand when Governor and Party Boss form coalitions we need to examine the factors that affect the values of w_c, w_0, w_G .

Figure 1: Range of Values under which a Coalition will be Formed



Factors that affect the value of w_0

The gain from governor’s participation will be higher in regions where party bosses lack resources to mobilize electorate. Party needs personnel to collect signatures required to register the party, motor-vehicles to conduct a door-to-door campaign in rural areas, and money to pay for the advertisement in media. The more resources party bosses has the more seats they expect to win without gubernatorial support. Therefore, party bosses who control more resources have a higher value of w_0 and, hence, will be less likely to form coalitions with governors.

I use two constructs for party resources: annual financial contributions from the central office to the regional party organization, and the number of cars owned by the regional party office. These data are reported in annual financial statements which parties are required to submit to tax authorities under the Law on Parties of 2003. Table 5 summarizes within-party allocations and car ownership for the period 2003- 2006. Although during this period the allocations to regional branches grew persistently, vast disparities between the central office in Moscow and the periphery remained. In 2004, the central office owned 14 cars while 30 of 84 regional offices did not own any, by 2006 Moscow office acquired 4 more cars, while 2 more regional offices found themselves without a single vehicle. In 2004, the market value for an average car owned by the Moscow office was about \$47,500, while the average market value for a car in a region was only \$5,000.

Using these data, it is possible to test the following hypothesis:

H1: *ceteris paribus*, the probability that a governor will become a poster candidate will be positively correlated with party financial resources (substitution hypothesis).

Factors that affect the value of w_c

The number of seats won by a coalition will depend on governor's popularity. Although a share of popular vote is a conventional measure of an incumbent popularity, these data are not available for Russian governors because since 2004 they have been appointed by the president. Therefore, the number of years a governor has been in office was used instead. This construct seeks to capture the extent of governor's clientelist networks. As Carpenter demonstrates, the time bureaucrats spend in office affects the extensiveness of their social ties with influential civic society organizations and policy think tanks. Those networks become especially valuable when bureaucrats seek to build coalition behind policies and push them through Congress.²¹ In a similar manner, the time spent in office will affect the effectiveness with which the incumbent governor mobilizes the electorate during elections. Furthermore, the governors who stayed in office longer will have a better name recognition. This suggests the following hypothesis:

H2: *ceteris paribus*, the probability that a governor will become a poster candidate will be positively correlated with the length of his term in office (incumbency advantage hypothesis).

Factors that affect the values of w_G

Recall that w_G measures governor's utility when he does not run. This value will be lower when a party boss forms a coalition with governor's rivals, among whom are mayors of large cities. Conflicts between governors and mayors are frequently prompted by their disagreements over budgetary and pricing policies. The Soviet industrial policy encouraged the formation of cities around giant factories which used to contribute funds to city and regional budgets and to provide municipal services. They built schools and apartment buildings for their employees, provided health care and utility services to city dwellers, and paved roads. With the transition to a free-market economy, not all of those enterprises were able to restructure and become profitable in a new economic environment. Some of them continued to operate under a soft-budget constraint and from donors turned into recipients of city and/or regional funds. Therefore, the speed with which enterprises were able to restructure had a direct impact on the economic position of

²¹ Daniel P. Carpenter, *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928* (Princeton, N.J.: Princeton University Press, 2001)

the city relative to the rest of the region. Cities with high concentration of unstructured enterprises became recipients of funds from regional budgets, whereas, cities with a high concentrations of profitable enterprises, became donors. As a result of this growing economic stratification between the central city and the rest of the region, urban-rural conflict on the budgetary allocations intensified. Donor cities started to demand a greater fiscal autonomy from the region, while recipient cities began to lobby for higher fiscal transfers from the regional budgets. Price liberalization aggravated this conflict further. Since the majority of food commodities is produced outside of the city but consumed by city residents, any price ceiling imposed by the regional government redistributes wealth from the rural areas to the city. Therefore, cities became strong supporters of price ceilings.

The conflict between the central city and the rest of the region manifests itself in the mayoral attempts to unseat the incumbent governor and the governor's desire to get rid of an uncontrollable mayor. This conflict frequently intensifies during the selection of candidates. For example, in Pskovskaya oblast the governor Kuznetsov and mayors of two region's biggest cities, Pskov and Vilikiye Luki, deadlocked selecting candidates for both Duma and regional election. In Kalmikiya, the confrontation between the governor and the mayor of the region's largest city, Elista, resulted in the purges of delegates loyal to mayor from the United Russia ballot.

One way to measure the extent of this conflict is to look at the difference in per capita industrial output of the central city and the rest of the region. This suggests the following hypothesis:

H3: *ceteris paribus*, the probability that a governor will become a poster candidate will be positively correlated with the differences in per capita output of the city and the rest of the region (conflict of interests hypothesis).

Part III: Model Specification and Results

This section estimates equation (1) using a probit specification:

$$\begin{aligned}
 y_{ijt}^* &= \beta_0 + \hat{\alpha}_1 Transfers_{jt} + \beta_2 Cars_{jt} + \beta_3 YearsInOffice_{ijt} + \beta_4 CityDnr_{jt-1} + \beta_5 CityRcpt_{jt-1} + \hat{\delta}' z_{ijt} + \varepsilon_{ijt} \\
 y_{ijt} &= 1 \quad \text{if } y_{ijt}^* > w_G \\
 &= 0, \quad \text{otherwise}
 \end{aligned} \tag{1}$$

Where, i indexes a governor; j , a region; t , a year. The variable *Transfers* is per capita transfers received from Moscow by a party office in region j in year t . The variable *Cars* is the number of cars per capita owned by the party office in region j in year t . The variable *YearsInOffice* is the number of years a governor has been in office. The two variables *CityDonor* and *CityRecipient* measure the difference between per capita output in the central city and the rest of the region. They were constructed as follows:

$$CityDonor = \begin{cases} ctyOutput - rgnOutput & \text{if } ctyOutput > rgnOutput \\ 0, & \text{otherwise} \end{cases}$$

$$CityRecipient = \begin{cases} rgnOutput - ctyOutput & \text{if } ctyOutput < rgnOutput \\ 0, & \text{otherwise} \end{cases}$$

where *rgnOutput* is per capita industrial output in the region net of the central city output. The variable \mathbf{z} is a vector of controls: 1) vote share won by United Russia in the 2003 Duma election to account for the safety of the region; 2) population density of the region to account for cross-regional differences in the cost of campaigning; 3) governor's age to account for possible cross-generation differences in aspirations for higher office. A detailed description of each variable and summary statistics is provided in Appendix A.

The sample includes 131 observations that include the 2007 Duma election regional elections held between March 2004 and March 2007.

The estimated regression coefficients are reported in Table 6. I start by including one variable at a time and then estimate a fully-specified model. The sign of the coefficients on the party resources, governor resources, and conflict of interest variables are consistent with the three hypotheses above and remain the same for all specifications. However, when control variables are included, the coefficient on the *Transfer* variable becomes insignificant. Of the two conflict of interest variables, the coefficient is significant only for the *CityRecipient* variable suggesting that governors become poster candidates to prevent election of actors who support greater redistribution of resources from the region to the poor city.

Figure 2 plots predicted probabilities of observing that a governor will be a poster candidate for different values of the *Transfers*, *Years in Office*, and *City Recipient* variables. Since these three variables are measured in different units, it is useful to

compare their effects by looking at standard deviations from the mean. The labels on the x-axes denote the mean, one standard deviation from the mean, and two standard deviations from the mean. For a region with a mean value of *Transfers* variable, the probability of observing a governor running as a poster candidate is 73 percent and decreases to 60 percent *Transfers* go up by one deviation. This finding suggests that party bosses compensate for the shortfalls in their own resources by turning to governors for help.

As predicted by the incumbency effect hypothesis, the variable *yearsInOffice* is positively correlated with governor's participation. For a region where a governor has been in office for 7 years (mean value) the predicted probability that he will run on the United Russia ballot is 60 percent and increases to almost 80 percent as governor's stay in office increases by one deviation. It suggests that party bosses prefer to nominate governors from the old guard and the populist cohort rather than from the cohort appointed by Putin. As the coefficient on the *pcUnitedRussia2003* variable suggests, the party avoids nominating governors from traditionally communist regions where United Russia performed poorly in 2003 election.

The last graph focuses on the effect of the differences in the output. Governors are more likely to become poster candidates when the city is a recipient of regional funds. When the gap between regional output exceeds city's per capita output by 21 rubles (or \$0.85) the probability that a governor will head the party list is about 70 percent and increases to 83 percent for regions with one standard deviation above the mean.

Conclusion

Over the past decade, empirical evidence that the relationship between democracy and federalism is non-linear has been growing: the cleavage structure of the electorate, a starting point of the transition, and the intensity of party competition have been identified as factors affecting the speed of democratic consolidation at the subnational level.²² This paper took this research a step further by demonstrating that subnational authoritarian regimes can contaminate nascent democratic institutions by authoritarian practices. By

²² Rebecca Bill Chavez, "The Construction of the Rule of Law in Argentina: A Tale of Two Provinces," *Comparative Politics* 35 (July 2003); Edward L. Gibson, "Boundary Control: Subnational Authoritarianism in Democratic Countries," *World Politics* 58 (October 2005):101-32; Patrick Heller, "Degrees of Democracy: Some Comparative Lessons from India," *World Politics* 52 (July 2000): 484-519.

forming rent-seeking coalitions with regional incumbents, United Russia party bosses expanded the party popular base. However, this goal was achieved by exploiting resources of the subnational governments and circumventing a merit-based selection of candidates. Such behind-the-scenes manipulation of who gets nominated and seated made the candidate selection process opaque and undemocratic, undermined voters' trust toward parties, and diminished national legislators' professionalism.

This finding suggests that campaign and party finance laws can be one of the factors that can speed or derail democratization. When these laws omit the procedures for within-party distribution of funds, this loophole allows party leaders to spend most of the resources to finance the operation of the central office, leaving party branches in the periphery under-funded and desperate for external assistance from regional incumbents. The latter, then, by politicizing state resources, undermine democratic consolidation from below. Therefore, studies of democratization should pay more attention on the effects of within-party distribution of funds and laws regulating party finances on democratic consolidation.

Table 1**Distribution of Poster Candidates by Parties, 1999-2007**

| | <i>Poster Candidate per Number of Party Seats in Duma (%)</i> | | |
|-------------------------------|---|-------|-------|
| | 1999 | 2003 | 2007 |
| Parties of Power ^a | 20.00 | 38.95 | 33.02 |
| LDPR | 2.00 | 0.00 | 5.00 |
| KPRF | 4.21 | 2.00 | 5.26 |

^a For 1999, refers to Unity, Fatherland All Russia, and Our Home is Russia, for 2003 and 2007, United Russia, Sources: Central Election Commission, Decrees N67/768-3 (January 9, 2000), N67/767-3 (January 9, 2000), N67/769-3 (January 9, 2000), N67/770-3 (January 9, 2000), N72/620-4 (December 24, 2003), N72/621 (December 24, 2003), N73/592-5 (December 13, 2007), N73/593-5 (December 13, 2007), N73/595-5 (December 13, 2007), N74/607-5 (December 14, 2007), N 75/609 (December 14, 2007), N78/619-5 (December 19, 2007)

Table 2 Professional Background of Poster and Seated Candidates, 1999-2007

| | <i>Poster Candidates</i> | | <i>Seated Candidates</i> | |
|--------------------------------------|--------------------------|-------|--------------------------|-------|
| <i>Occupation prior to elections</i> | | % | | % |
| Regional elected officials | 117 | 74.52 | 31 | 19.75 |
| Mayors | 12 | 7.64 | 2 | 1.27 |
| National deputies or cabinet members | 10 | 6.37 | 63 | 40.13 |
| Businessmen | 7 | 4.46 | 38 | 24.2 |
| Not-for-profit | 8 | 5.1 | 19 | 12.1 |
| Other | 3 | 1.91 | 4 | 2.55 |
| Total | 157 | 100 | 157 | 100 |

Sources: Compiled by the author using lists of registered by the Central Election Commission candidates published in Vestnik Tsentral'noi Izbiratel'noi Komissii 22 (1999), Rossiyskaya Gazeta (December 2007)

Table 3**Attitudes toward Parties and Governors**

| respondents who think that: | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-------|-------|-------|-------|------|-------|-------|
| parties play very important role in Russia | 5.4% | 7.1% | 5.1% | 5.3% | 6.3% | 4% | 5.2% |
| governors play very important role in Russia | 15.8% | 15.6% | 16.1% | 15.7% | 14% | 13.9% | 14.4% |
| N | 1599 | 1600 | 1600 | 1585 | 1581 | 1601 | 1601 |

Source: Express 2000-18, 2001-9, 2002-9, 2003-8, Kur'yer 2004-9, 2005-9, 2006-9 at

<http://sofist.socpol.ru/oprview.shtml?en=0> (February 5, 2008) respondents were asked: "In your opinion what role do political parties (governors) play in Russia today?"; the scale goes from 1 ("insignificant") to 5 ("very important role").

Table 4 Professional Backgrounds of United Russia First Secretaries in 2008

| | N | % |
|---------------------------------------|----|-------|
| Deputy in the national parliament | 12 | 14.81 |
| Deputy in the regional assembly | 35 | 43.21 |
| Employed at governor's administration | 8 | 9.88 |
| Governor | 3 | 3.7 |
| Businessman | 8 | 9.88 |
| other | 15 | 18.52 |
| Total | 81 | 100 |

Sources: official websites as of September 22, 2008

Table 5 United Russia's Transfers to Regional Offices and Car Ownership

(in thousands of real dollars)

| | 2003 | 2004 | 2005 | 2006 |
|--|-----------|-----------|-----------|-----------|
| total expenditures by the central office | 40,073.60 | 31,379.12 | 31,649.84 | 38,801.48 |
| Transfers to regional offices | 13,110.20 | 14,524.40 | 17,558.76 | 22,209.92 |
| (% of total) | 32.72 | 46.29 | 55.48 | 57.24 |
| number of regional offices without a car | -- | 30 | 30 | 32 |
| number of cars owned by Moscow office | -- | 14 | 16 | 18 |
| average car value for Moscow | -- | 47.456 | 43.38 | 32.636 |
| average car value for cars outside of Moscow | -- | 4.96 | 5.76 | 6.02 |

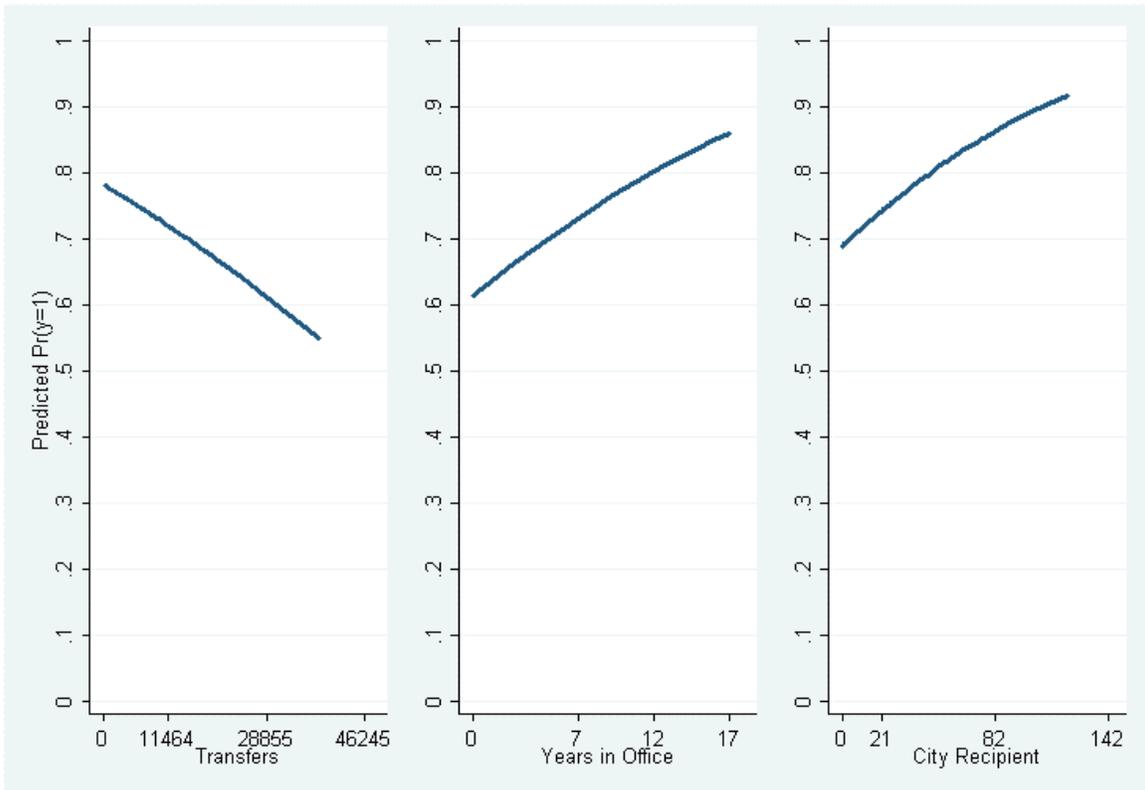
Source: Central Election Commission, Aggregate Financial Report at http://www.cikrf.ru/elect_duma/politpart/index.jsp; financial statements

Table 6 **Estimated Probit Coefficients for Equation 1**

| | (1) | (2) | (3) | (4) | (5) |
|------------------------------------|----------------------------|----------|---------|----------|---------------------------|
| Transfers per 1000 residents | -1.700* ×10 ⁻⁵ | | | | -1.990 ×10 ⁻⁵ |
| | (0.932 ×10 ⁻⁵) | | | | (1.26 ×10 ⁻⁵) |
| Cars per 1000 residents | | -82.398 | | | -88.238 |
| | | (59.151) | | | (88.727) |
| Years in Office | | | 0.046* | | 0.049* |
| | | | (0.025) | | (0.029) |
| City donor | | | | 0.001 | 0.001 |
| | | | | (0.003) | (0.003) |
| City recipient | | | | 0.007* | 0.008* |
| | | | | (0.004) | (0.005) |
| % Vote for United Russia, 2003 | | | | | 0.024 |
| | | | | | (0.016) |
| Population density | | | | | 0.006 |
| | | | | | (0.006) |
| Governor's Age | | | | | -0.011 |
| | | | | | (0.017) |
| Intercept | 0.776*** | 0.689*** | 0.287 | 0.456*** | -0.045 |
| | (0.150) | (0.132) | (0.199) | (0.158) | (0.967) |
| N | 131 | 131 | 131 | 131 | 131 |
| Ln-likelihood _{Intercept} | -77.025 | -77.025 | -77.025 | -77.025 | -77.025 |
| Ln-likelihood _{All_var} | -74.909 | -75.731 | -75.193 | -74.954 | -69.060 |
| LR-test statistic | 4.230 | 2.59 | 3.66 | 4.14 | 15.93 |
| P-value | 0.039 | 0.108 | 0.056 | 0.126 | 0.043 |
| Pseudo- R^2 | 0.026 | 0.017 | 0.024 | 0.027 | 0.103 |

Note: standard errors in parentheses; * significant at 10%; ** significant at 5%; *** significant at 1%; dependent Variable=1 if a governor is heads the United Russia Ballot in the Duma 2007 election or regional elections in March 2004-07

Figure 2 Predicted Probabilities that a Governor will Head the Ballot



Note: Predicted probabilities were computed using specifications in columns 1-3 in Table 4. For the figure with City Recipient on x-axis, the City Donor variable was fixed at its mean value.

Appendix A

Notes on geography

All data are at the regional level, but the number of regions changed from 89 to 84 between 2003 and 2008; so, to keep the number of observations the same throughout the years, I aggregated data to correspond to 2008 borders.

The dependent variable, *HeadedBallot*, equals one if a governor was listed among top three candidates on the United Russia ballot in the Duma 2007 election or elections to regional assemblies that took place between March 2004 and March 2007. Data for 2007 Duma election come from the official list of candidates submitted to the Central Election Commission. Data on the composition of regional ballots come from regional newspapers.

The variable *Transfers* is per capita allocations from the central party office to regional offices between 2004 and 2007. Data are reported in party annual financial statements submitted to the Ministry of Justice and tax authorities no later than March of the following year. The nice feature of those reports is that they exclude campaign finances, which makes data more accurate because it is not subjected to a campaign expenditure ceiling and, hence, parties do not have an incentive to misrepresent financial information.

The variable *Cars* measures the number of cars owned by the regional party office per 1000 residents. It comes from the same source as the variable *Transfers*, and, hence, covers the period between 2004 and 2007.

To convert those values in per capita terms I used data on population from *Demograficheskii Ezhegodnik Rossii*.

The variable *YearsInOffice* measures the number of years a governor has been in office by the day of regional or Duma election. It was constructed using on-line biographic dictionary, viperson.ru.

The variables *City Donor* and *City Recipient* measure the difference in per capita regional (rgnOutput) and city output (ctyOutput). They were constructed using data from *Regiony Rossii: Sotsial'no-ekonomicheskiye Ppokazateli* published by Goskomstat. The key caveat is that in 2005 the Goskomstat changed how those data are reported. For the

period 2003-04, it does not differentiate between the commodities that were sold and the ones in inventories. Output data for 2005 and later, include only goods that were sold and shipped to buyers. In spite of this discontinuity, these data can still be used as a legitimate construct for economic output because these two measures are highly correlated with each other. All data are lagged by one year to account for possible impact of election on overall productivity. Moscow and St. Petersburg, the two cities with regional status, were excluded because they are not subordinate to any region. Leningradskaya and Moscovskaya oblast' do not have officially designated capital, so used Gatchina and Podol'sk, respectively as central cities.

The variable *pcUnitedRussia2003* measures the percent of popular vote won by United Russia in the 2003 Duma election. The data are available on the official website of the Central Election Commissions.

The variable *popDensity* measures population density in the region and comes from the same source as population

The variable *Age* measures governor's age on the day of election and was constructed using the same source as the variable *YearsInOffice*.

Table 1A **Descriptive Statistics, 2004-07**

| <i>Variable</i> | <i>Obs</i> | <i>Mean</i> | <i>Std.Dev</i> |
|---------------------------|------------|-------------|----------------|
| Headed UR ballot | 157 | 0.682 | 0.467 |
| Transfers | 144 | 11463.960 | 17390.760 |
| Cars | 144 | 0.001 | 0.003 |
| Years in office | 149 | 7.101 | 5.049 |
| City Donor | 140 | 26.693 | 45.178 |
| City Recipient | 140 | 21.008 | 60.627 |
| % of votes for UR in 2003 | 147 | 39.002 | 11.111 |
| Population density | 147 | 250.805 | 1340.475 |
| Governor's age | 150 | 54.500 | 8.694 |