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

Olesya Tkacheva

otkachev@umich.edu

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Abstract

This paper examines within-party conflict among party bosses, governors, and mayors over the allocation of slots on the United Russia ballot. I offer a game-theoretic model in which party bosses compete with governors to become gatekeepers for the ballot. Using a unique data set, I also provide empirical evidence that the outcome of this competition is determined by governors' and party bosses' institutional resources, and by the intensity of disagreement between a governor and a mayor over economic policies.

Introduction

On the eve of the 2007 national legislative election in Russia, St. Petersburg's governor, Valentina Matviyenko, became one of the top three candidates on the United Russia ballot for the St. Petersburg region. St. Petersburg voters were not surprised by the party's choice because Matviyenko had a high voters' approval rating and the backing of the President Putin. However, although Matviyenko won a seat in the legislature (hereafter as Duma), she refused to become a deputy, and a lower ranked candidate was sent to the Duma instead of her. Governors in other regions who were nominate on the United Russia ballot acted similarly. Table 1 summarizes the frequency with which governors appeared on a party ballot and the number of seats they received. The precedent of making governors top candidates on a ballot was set in 1999, when three "parties of power" nominated governors as top candidates in their regions. Yet only one of them, the governor of Moscow region became a deputy. In 2003, already 28 governors appeared on the United Russia ballot, all of them won Duma seats, but none of them accepted them. In 2007, the number of governors on the ballot increased to 65. However, only the governor of Yaroslavskiy region became a deputy. A similar trend is observed for elections to regional assemblies. In 2004, only three governors headed the United Russia ballot for regional assemblies. By 2007, this number increased to 14. However, none of them became a deputy in a regional assembly.

Why do rational actors enter electoral competition if they do not seek a seat in office? Why do governors incur campaigning costs, but then pass a trophy to somebody else? This paper answers this question by examining the push and the pull factors behind governors' motivations. On the pull side is the party leaders' attempt to supplement inadequate partisan resources by governor's name recognition and his bureaucracy. On the push side, is the competition the governors face from the mayors of large cities who aspire to increase their influence within the party by assisting the regional party bosses with organizing electoral campaigns. I show that governors are more likely to a head party ballot in regions where party regional branches are under-funded and poorly equipped and where governor's and mayors' preferences over economic policy diverge.

I arrive to this conclusion in three stages. I start by discussing institutional and attitudinal channels that enable governors to influence election outcomes. Then I explain

how within-party competition between governors, regional party bosses, and mayors stimulates the governors enter legislative elections. Then I offer a game theoretic model that captures the strategic calculations of these actors. I test the model using a unique dataset that contains data on the allocations of financial resources to regional party offices by the United Russia Executive Committee in Moscow. I conclude by discussing how this paper changes our understanding of factors that impede institutionalization of parties in Russia and intra-party politics in quasi-democratic federalist states.

Part I: Governors as Poster Candidates

For their help with vote mobilization, governors are referred to by the Russian media as "locomotives" (*parovozi)* that stand at the head of the train and propel the movement of the attached cars, but head to the roundhouse when the election is over. Although the metaphor of a locomotive-candidate is widespread in the Russian media to characterize candidates with nationwide name recognition, I will refer to candidates who win seats but refuse to become deputies as "poster-candidates" in order to differentiate them from candidates with nationwide name recognition who generously seek to win a seat in public office. Governors dominate the category of poster-candidates. In 2003, they comprised 43 percent (28 out of 64) of all candidates who turned down seats; in 2007, 55 percent (65 out of 119).[1]

Two loopholes allow governors to become poster-candidates. The first is the absence of penalty for the party when its candidate gives up his seat.[2] The second is the ambiguity in the constitutional law on the selection and recruitment of legislators. Although Articles 96 and 97 of Russia's constitution postulate that Duma deputies cannot be, at the same time, federal employees or elected officials in lower-level government, they do not specify if the latter must quit their current jobs before they start campaigning for a seat in Duma or after the election results become known. This legal void became especially apparent in the December 2007 election when the incumbent president Vladimir Putin was nominated by United Russia to compete for a seat in Duma. In 2005,

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[1] Based on author's computations using official party lists registered by the Central Election Commission
[2] More accurately, a party looses a seat only when a candidate from a federal portion of the list refuses to accept a seat. If a candidate on a regional list refuses to accept a seat, it is simply transferred to a candidate with a lower rank on the same regional list. Since the federal section of the party list cannot be longer than 17 candidates, the majority of candidates is elected on the basis of the regional lists and, hence, is not subject to a seat transfer penalty.

the head of the Central Election Commission, Alexander Vishnyakov, lobbied Duma to close this loophole by taking away seats from parties for every candidate who wins but refuses to become a deputy. Vishnyakov was primarily concerned with the deception of voters because there were instances when one candidate entered elections simultaneously in different regions. For example, in the October 2006 regional election, the leader of the Folk Will party (*Narodnaya Volya*), Sergey Baburin, appeared on a ballot in all six regions where his party participated in elections. [3] Vishnyakov's effort to reform the exiting electoral law failed because the proposed changes would have affected primarily United Russia because it has the highest percentage of poster-candidates. In 2003, 53 percent of seats won by the party were not filled by the candidates who competed for them (64 out of 120). In 2007, although this percent went down to 38, the number of poster-candidates increased to 119. The number of poster-candidates for other parties ranges between two, for the Communist Party to seven for Just Russia. [4]

Institutional and attitudinal factors contribute to the predominance of governors as poster-candidates. The institutional factors comprise the use of formal and informal means to obstruct the opposition's opportunity to compete on equal terms with United Russia. This practice in press is frequently referred to as "administrative resources" (*administrativniy resurs*) and one can think of it as politicization of the state, i.e. the situation when the state stops being an impartial supplier of a legal framework, but instead, targets resources to a particular group. [5] Such practices are not prosecutable because officeholders act within the letter of the law. [6]

Administrative resources used by governors vary with the stages of the 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 cost of entry for opposition parties. Numerous newspaper articles suggest that the RECs use double standards while reviewing the paperwork submitted by the opposition parties and United

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[3] Kira Vasil'eva, "Postoy, 'Parovoz': S Podstavnimy Kandidatatami v Partiynikh Spiskakh Ustal Borot'sya Dazhe TsIK ," Noviye Izvestiya, October 12, 2008

[4] "Gosduma Kotoruyu Ne Vibrali," Gazeta.ru at http://www.gazeta.ru/politics/elections2007/articles/ 2424868.shtml (February 16, 2008)

[5] For a discussion of similar practice at the national level see Anna Grzumala-Busse, "Political Competition and the Politicization of the State," Comparative Political Studies (December 2003)

[6] 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)

Russia, and hold the former to higher scrutiny. For example, right-leaning opposition party Yabloko systematically has problems with registering its candidates. In 2006, it could not register its candidates for the election to regional assembly in Kareliya, in 2007 in St. Petersburg and Dagestan. The Union of Right Forces and the Communist Party experienced similar difficulties in other regions.[7]

At the campaigning stage, governors' assistance is especially valuable because the campaign window is only a month long and timely distribution of information about parties to the voters becomes crucial. According to Matveychev and Novikov, who worked as campaign strategists for ten years, there are several non-coercive ways in which a governor can assist a candidate or a party. He can grant an exclusive right to post information about party candidates in public transportation and enlist the employees in the public sector to distribute campaign materials. A governor can provide timely information about all social and business events in the region and send candidates to those events accompanied by respected in the region people and local news reporters. A governor can also slow down the campaign of the opposition parties for a couple of days by sending tax police to their campaign office to examine financial records.[8]

On the day of election, a governor helps by staffing polling stations with loyal to him bureaucrats, who have a strong incentive to inflate both the voter turnout and the governor's party vote share not to fall behind their colleagues at other polling stations or other regions.

Name recognition is the second channel by which a governor can influence election outcome. 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 candidates' party labels as short cuts for deciding whom to vote for.[9] In Russia, the situation is reversed because parties are numerous, ephemeral, and

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[7] 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)

[8] O.A. Matveychev and V.Y. Novikov, Predvibornanya Companiya: Praktika Protiv Teorii (Yekatirinburg: The University of Ural Press, 2003), Chapter 3 at http://www.matveychev.ru (February 3, 3008).

[9] 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

non-programmatic. In 2003, 32 parties competed for the national office, in 2007, 11. Between 2003-08, on average, X parties competed in the elections to regional assemblies. Even though parties hold televised debates, these debates rarely leave voters with a better sense of parties' policy positions. For example, immediately after the 2003 Duma election, Colton surveyed a national representative sample of voters and one of the questions asked respondents to associate parties with their position on economic policies. The answers were "return to socialism," "leave as it is," "deepen marketization," "party not known," "hard to say." About 25 percent of respondents, selected "hard to say" regarding the Communist party and 23 percent for United Russia. For other parties the percent of "hard to say" was about 39.[10] When parties lack clear policy positions, voters base their choice on heuristics, among which is the personality of party leaders. According to Brader and Tucker analysis of pre- and post- 1996 legislative election survey data, attitudes toward the party leader contributed to the development of partisan attachments among voters. After controlling for socio-economic factors and political attitudes, they find that respondents' attitudes toward the party leader were correlated with their attachment toward the party.[11]

Although no study has examined if governor's name on a ballot has the same cueing effect, post-election survey conducted by Colton in 2003 suggests that the majority of respondents notices if the governor supports a particular party. When respondents were asked if the governors in their region supported any party in the Duma election, 56 percent (n=341) of respondents were able to recall that the governor supported United Russia. However, about 17 percent (n=57) of them were unclear on the United Russia's position on economic policy.[12] Thus, some segments of population may use governor's name as a heuristic for the party choice. Voters in rural areas who tend to be less educated and less politically knowledgeable and voters in distant from Moscow regions who hardly ever interact with incumbents in Moscow are most likely to be in this category.

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[10] 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.
[11] 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
[12] Author's estimates using Colton's survey data.

Governors' names are more familiar to voters than parties' policy positions not only because governors are less numerous but also because they have been in office for as a long period of time than most of the parties. In December 2007, an average governor's term was seven years. Out of all parties that competed in 2007 Duma election only the Communist party and the Liberal Democratic Party of Russia (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. Luzhkov of Moscow City, Polezhayev of Omskaya oblast, Shamiyev of Tatarstan, and four others, rose to power from the members of the Soviet *nomenklatura* even before the ratification of the democratic constitution. Neither the introduction of popular elections for governors in 1996, nor President Putin's reform that granted the president the right to appoint governors affected political destinies of this "magnificent seven." These seven governors build their own region-level parties, won several successive elections, and, later, pledged their loyalty to President Putin's and earned his reappointment to another term.[13]

The populist cohort is the most numerous one and comprised 49 governors who came to office in the mid-1990s after wining in popular election. I refer to these governors as the populists because their political fortunes were closely linked to regions' economic conditions and their ability to channel economic benefits to their key constituents. As Konitzer shows, between 1996 and 2001, governors were more likely to be reelected in those regions where real wages grew faster than the nation's average.[14] In such regions voters awarded governors with an extra term in office because the governors were able to pressure businessmen to share profits with workers. At the same time, the governors increased budgetary outlays to the public sector employees to reduce the wage gap between the two sectors.[15]

[13] 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)

[14] 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.

[15] One the existence of electoral wage cycles see A. Akhmedov and E. Zhuravskaya, "Opportunistic Political Cycles: Test in a Young Democracy Setting," Quarterly Journal of Economics, 2004

The loyalist cohort comprises 25 governors who were appointed by Putin after 2004. This group includes such 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 five percent of the governors had been in office for longer than the party. Therefore, they could present to the electorate a longer list of accomplishments that had a much greater impact on the region than federal policies. Therefore governors' names on the United Russia ballot granted credibility to the party.

People's attitudes toward parties and governors provide additional evidence that a governor's name on a ballot may increase party's popularity within the electorate. Since 2000, the VtSIOM, in annual opinion surveys, has been asking respondents to rank the importance of political parties, governors, and other institutions on the scale from 1 to 5, with 1 indicating "insignificant" and 5, a "very important role." Table 2 compares the frequency distribution of responses to those questions. 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." Interestingly, neither the law on political parties of 2003, nor the abolition of direct governors' election in 2004 affected people's perception of the relative importance of parties' and governors' roles. Thus, by placing a governor on a ballot the party may increase its creditability among the electorate.

The primary reason why governors' want to head the party ballot is the access to patronage resources. Although in the political science literature, it is a convention to use the term "patronage" to describe the distribution of positions in the public sector in exchange for votes, the distribution of slots on a party list is another way to reward key constituents. Lobbying by professional organization 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 as high as $5 million in the 2007 Duma election. In regional elections, rates varied between

$70,000 to $230,000 depending on the region, the party, and the safety of the slot. [16] So, the actors who control the access to the party ballot hold one of the trophies most desired by businessmen and other special interests.

Besides opportunities for personal enrichment, the control of ballot access allows governors to expand their political clout at the national and regional level. A governor who selects candidates to a regional assembly and Duma can become the locus of regional power because he will have direct access to policymakers in regional and national legislatures. Such a governor will have better chances of staying longer in office and when his term is over will be able to become the cabinet member or get a lucrative employment at a multimillion-dollar corporation.

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

Although governors have an incentive to become gatekeepers to the ballot and have institutional resources and name recognition to improve party's vote share, the practice of nominating governors to head the party ballot is not used uniformly: in 2007 in 23 percent of the regions governors did not enter electoral contest. To understand what prevented a uniform convergence we need to examine the preferences and institutional resources of regional party bosses and city mayors, who also aspire to control the selection of candidates. Regional party bosses are heads of the United Russia's party organizations in the regions. They are appointed by the National Executive Committee (NEC) to implement party's policy directives, coordinate the activities of local party organizations, manage party finances and other property, and organize campaigns. These party bosses frequently find themselves in double jeopardy because on, the one hand, they face a strong pressure from Moscow to secure high vote share for United Russia in election, but on the other hand, they are afraid to attract governors because it may lead to the governors' takeover of regional party organizations and a consequent reshuffling of personnel. For example, two party bosses lost their employment in Pskovskaya and

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[16] 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)

Novgorodskaya oblasts in 2003, after the governors there agreed to endorse United Russia in the upcoming Duma elections.[17] Similarly in 2007, the governor of Sverdlovskaya oblast lobbied the NEC to replace a party boss with the head of his administration in exchange for his support of the party in the Duma election.[18] So selecting candidates party bosses seek to maximize their job security.[19]

Party bosses can consolidate their positions by becoming "hubs" in the networks for informal communication between incumbents in Moscow and region's special interests. The literature on social networks characterizes a person linked to each single member in the network as a "social hub." Such a person has a comparative advantage in communicating messages to other network members. Governors usually serve as social hubs in the networks between Kremlin and chief executives of region's largest corporations. Whenever a problem at the enterprise arises that requires the federal government's attention, the governor flies out to Moscow with the CEO to discuss the issue with the members at the president's administration. [20] Since governor usually circumvent Duma and contact Kremlin directly, party bosses can expand their political clout by filling this niche and creating networks between deputies and regional interests. To become hubs in those networks, party bosses must secure nomination and election to candidates with weak ties to the region because such deputies will not be acquainted with regions' special interests.

In the literature on the selection of candidates, this practice is frequently referred to as "parachuting," i.e. the nomination on a ballot candidates who have no ties to the region. For example, in the 2003 Duma election, X candidates with no ties to the region were included in the regional party lists. In 2007, this number increased (decreased?) to Y. Parachuted candidates are governor's worst nightmare because they neither come from the circle of governor's allies nor have the knowledge of region's conditions to propose in Duma policies that benefit the region.

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[17] Andrew Konitzer, Voting for Russia's Governors: Regional Elections and Accountability under Yeltsin and Putin (Washington D.C.: Woodrow Wilson Center Press and Baltimore, M.D. The John Hopkins University Press, 2006), pp.221-23.

[18] Michael V'yugin, "Ne Postavite v Spisok-Budu Vam Gadit'," Vremya Novostey 168 (September 18, 2007):4

[19] I am thankful to Vladimir Gel'man for this insight

[20] Solov'yev, pp. 175-82, note 13 supra

The mayor of the region's largest city, which is usually region's administrative capital is another governor's rival because they seek to increase the number of candidates representing the interests of the central city. Conflicts between the central city and the rest of the region frequently arise over budgetary and pricing policies. The Soviet industrial policy encouraged the formation of cities around giant factories, so called city-forming enterprises (*gradoobrazuyushchiye predpriyatiya*) who were the major contributors to city and regional budgets and providers of many municipal services. They built schools and apartment building for their employees, provided health care and utility services to city dwellers, and paved roads.[21] 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 a major liability on city and/or regional budgets. Therefore, the speed with which enterprises located in the city were able to restructure had a direct impact on the economic position of the city relative to the rest of the region. Cities with high concentration of unrestructured enterprises became recipients of funds from the region's budget, cities with high concentration 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 region's budget.[22] Price liberalization that also started with the transition to free market economy 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 the strongest supporters of price ceilings. [23]

The conflict between the central city and the rest of the region manifests itself in the mayor's attempts to unseat the incumbent governor and governor's desire to get rid of

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[21] Pertti Haaparanta et al., "Firms and Public Service Provision in Russia," IDEAS Working Paper, at http://ideas.repec.org/p/wpa/wuwpma/0401015.html

[22] See Vladimir Gel'man et al. eds., Avtonomiya ili Kontrol': Reforma Mestnoy Vlasti v Gorodakh Rossii (St. Petersburg and Moscow: European University Press, 2002), Ch. 3-6.

[23] For insightful discussion of the political economy of price controls that also applies to Russian context see Robert H. Bates, Markets and States in Tropical Africa: The Political Basis of Agricultural Policy (Berkley: University of California Press, 1981)

an uncontrollable mayor.[24] 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.[25] In Kalmikiya, the confrontation between the governor and the mayor of the region's largest city, Elista, resulted in the purges of mayors' candidates from the United Russia ballot.[26]

Formal Model of Candidate Selection

The process that leads to a party ballot headed by a governor can be represented formally by a simple sequential game of perfect and complete information. The structure of the game is similar to the bargaining over the distribution of cabinet portfolios in a parliamentary system. There are two players--Governor and Party Boss-- who seek to maximize the number of seats allocated to their allies after the election. Party Boss moves first by offering Governor the number of slots on the list $g \in [0, N]$, where N is the maximum allowed by the electoral law number of candidates on a party ballot, which usually equals to the total number of seats in the legislature. If g=0, Party Boss forms party lists without Governor's involvement and Party Boss' payoffs equal to the total number of seats won by the party (w_0). If Party Boss chooses to form a coalition with Governor, i.e. g>0, his payoffs are given by $w_c - g$, where w_c is the total number of seats won by the coalition, and *g* is the number of seats allocated to governor's allies. After observing *g,* Governor accepts or rejects Party Boss' offer. If Governor accepts, his payoffs are given by *g*, if he rejects, his payoffs are $U_G(w_0)$. The backward induction equilibrium of the game consists of the following strategies: Governor will accept the offer if $g \geq U_G(w_0)$, and rejects otherwise; while Party Boss will always choose $g = w_c - w_0$, i.e. the number of seats allocated by Party Boss will not exceed the marginal gain from Governor's participation.

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[24] Vladimir Gel'man et al, note 26, supra

[25] Ligua Isberatel'nits, "V Marte 2007 Pskovichey Zhdyet Ogromniy Vibor Viborov," http://www.liga-rf.ru/html/regions/pskov/pskov35.htm (February 13, 2008)

[26] Kavkazskiy Uzel Newsletter, "Mer Stolitsi Otkazalsya Uyti v Otstavku," (January 14, 2008); "Vidvizheniye Kandidatov v Deputati Narodnogo Khurala Kalmikii ot 'Edinorossov' Proshlo na Fone Konflikta Odnopartiytsev," (January 28, 2008) at http://kavkaz-uzel.ru/news/ (February 13, 2008)

Note that both Governor's and Party Boss' decisions to form a coalition depend on the values of their threshold points, w_0 and $U_G(w_0)$, and the number of seats won by the coalition w_c. Thus, to understand when party puts forward a ballot headed by the governor, we need to examine the factors that affect the values of w_0, w_c, $U_G(w_0)$, and *g*.

Factors that affect the value of w_0

The gain from governor's participation will be the highest in the regions where party bosses lack resources to mobilize electorate. Party needs personnel to collect signatures required to register the party, motor-vehicles to a conduct door-to-door campaign in rural areas, and money to pay for the advertisement in media. The more resources the party boss has the more seats he expect to win without governor's support, and, hence, the value of w_0 will be higher for party bosses that have sufficient own resources.

I use two constructs for party boss' resources: annual financial contributions from the central office to the regional party organization, and the number of cars owned by the regional party office. This information is available in annual financial reports that parties are required to submit to tax authorities under the Law on Parties of 2003. Parties have to submit those reports because they have the status of legal subjects (*yuridicheskoye litso*) that entitles them to sign binding contracts with other legal subject, receive donations, and engage in a limited form of entrepreneurial activity such as leasing out property, selling souvenirs and published materials.[27] Therefore, parties are subject to the same tax law regulations as other non-for-profit organizations and they must file annual financial statements with tax authorities. Those reports also include the information on the number of motor vehicles owned by a party because it is used to determine the amount of road taxes due.

Table 3 summarizes within-party allocations and car ownership for the period 2003- 2006. During this period the allocations to central party office have declining in both nominal and percentage terms, while the allocations to the regional party offices grew persistently and by 2006 have reached 57 percent of all party expenditures.

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[27] G.N. Mitin, "Grazhdanskoye Pravo: Predprinimatel'skaya Deyatel'nost' Politicheskikh Partiy" at http://allpravo.ru/library/doc99p0/instrum5227/item5228.html.

However, this growth did not translate into capital investments, as measured by the number of cars. In 2004, the earliest year for which data are available, the average car value owned by a regional office was about 123 thousand rubles (about $5,000); in 2006, about 150 thousand rubles (6,000 dollars). The number of regions without vehicles remained practically unchanged. Neither did the gap between the value of cars owned by the Moscow office and those by the rest of the country disappear. In 2006, it became smaller, but largely because the Moscow office purchased two additional cars.

Using these data, it is possible to test if regional party bosses substitute shortfalls in party's resources by those of the governor. In particular, if this substitution takes place, the probability that United Russia nominates a governor on a ballot will be higher in regions where party branches receive lower transfers from the center and have fewer cars (substitution hypothesis).

Factors that affect the value of w_c

The number of seats won by a coalition will depend on governor's popularity. A share of popular vote received by a public official in elections is a conventional measure of his popularity. However, these data are not available for all governors because popular elections for governors were used only between 1996 to 2004, and hence we do not have data for about one-third governors who were appointed by the president after 2004. Therefore, as a measure of governor's popularity I used the number of years he had been in office by the day of legislative elections. This measure not only captures incumbent's popularity among both the voters and the president, but also the extent to which governor is embedded into clientelist networks. As Carpenter demonstrates, the time bureaucrats spend in office affects the value of their social capital as measured by ties to influential civic society organizations and policy think tanks. Those networks become especially valuable when bureaucrats seek to build coalition behind policy proposals they support and push them through Congress.[28] 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:

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[28] 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)

H2: ceteris paribus, the probability that a party nominates a governor on its ballot will be higher in those regions where governors have been in office for more years (incumbency advantage hypothesis).

Factors that affect the values of $U_G(w_0)$

Recall that $U_G(w_0)$ measures governor's utility when he does not join the party bosses in putting together the list of candidates. Although this value is not observed directly, it is possible to speculate about the factors that affect it. The value of $U_G(w_0)$ will be low when mayor of large city participates in the selection of candidates. The possibility of mayor's participation in the selection of candidates reduces governor's threshold utility level in regions where there is a greater conflict of interests between the central city and the rest of the region. One way to measure the extent of this conflict is to took at the difference in per capita industrial output of the central city and the rest of the region. The greater the difference is, the less homogenious are mayor's and governor's interests. This suggest the following hypothesis: ceteris paribus, the probability that a governor heads the ballot will be higher in regions where there is a greater difference in per capita output in the city vs. the rest of the region (the conflict of interests hypothesis).

Factors that affect the values of g

A parameter g is the number of seats the governor requests *ex ante* from the party boss. Although this parameter is not observed directly, it simplifies the choice of econometric model. By construction, *g* is correlated with the values of $U_G(w_0)$ and $w_c - w_0$. Therefore, all three hypotheses above can be restated in terms of the values of g because all variables that affect the values of w_c, w_0, and $U_G(w_0)$ will have the same effect on g. In particular,

H1: ceteris paribus, the number of slots allocated to the governor's allies will be higher in regions where the party lacks adequate resources (restatement of the substitution hypothesis)

H2: ceteris paribus, the number of slots allocated to the governor's allies will be higher in those regions where governors have been in office for more years (restatement of the incumbency advantage hypothesis).

H3: ceteris paribus, the number of slots demanded by the governor will be lower in regions where there is a greater difference in per capita output in the city vs. the rest of the region (restatement of the conflict of interest hypothesis)

Part III: Model Specification and Results

A one-to-one correspondence between the values of g and the probability that a governor heads a ballot allows me to specify a model as a probit model where g is a latent variable:

$$g_{ijt} = \beta_0 + \beta_1 Transfers_{jt} + \beta_2 Cars_{jt} + \beta_3 YearsInOffice_{ijt} + \beta_4 CityDnr_{jt-1} + \beta_5 CityRcpt_{jt-1} + \mathbf{\theta' z}_{ijt} + \varepsilon_{ijt}$$

$$
\begin{aligned}
y_{ijt} &= 1 \quad if \quad g_{ijt} > U_G(w_0) \\
&= 0, \quad otherwise
\end{aligned}
\tag{1}
$$

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 passed since the date when a governor was elected or appointed. The two variables CityDnr and CityRcpt measure the difference between per capita output in the central city and the rest of the region. They were constructed as follows:

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

$$
City\,\mathrm{Re}ipient = \begin{cases} rgnOutput - ctyOutput & if \quad ctyOutput < rgnOutput \\ \quad\quad 0, \quad otherwise \end{cases}
$$

where *rgnOutput* is per capita industrial output in the region excluding output produced by the central city. I estimate the coefficient on the cases where city is a donor and city is recipient because this may affect the intensity of conflict between the mayor and the governor. The variable **z** is a vector of controls. It includes 1) vote share won by United Russia in 2003 Duma election; 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.

Due to limited data availability on party financial resources, the sample includes only 131 observations that come from the 2007 election to Duma and 68 regional elections that took place between March 2004 and March 2007.

The estimated regression coefficients are reported in Table 4. I start by including one variable at a time and then estimate 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 transfer variable stops being significant. Out of the two conflict of interest variables, the coefficient is significant only for the regions when the city is recipient. This suggests that by getting involved in the selection of candidates for the party ballot, governors primarily seek to prevent greater redistribution of resources from the region to the poor city.

Figure 1 plots predicted probability of observing that a governor will be nominated on the United Russia ballot against 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. The probability of observing a governor on the United Russia ballot for the regions with mean value of per capita transfers (11,464 rubles or about $460 per 1,000 residents) is about 0.73 and it drops to about 0.6 for regions with per capita transfers one deviation above the average (28,855 rubles or $1,155 per 1,000 residents). 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 0.6 and it increases to almost 0.8 for regions where governor's term in office is one standard deviation above the sample mean (12 years). 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 city and region output on governor's participation. Governors are more likely to head the ballot in regions when region's per capita output is greater than the one of the central city. When a gap between region's per capita 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 0.7. It increases to 0.83 for regions with one standard deviation above the mean.

The empirical results suggest that there are a lot strategic calculations behind the choice of candidates. It raises a question if governors' participation translates into any systematic differences in the observed socio-economic characteristics of the nominated candidates between ballots headed by governors and by other actors. Table 5 compares the places of residence, professional backgrounds, and earnings of candidates nominated on ballots headed by governors with ballots headed by other actors. A simple comparison of means does not offer any convincing evidence on the existence of systematic differences. The evidence is not convincing because different constructs for the same concept offer contradictory conclusions. As an example I will focus on the first two rows that compare the percent of Moscow candidates and their average rank on a ballot for the two groups. At first it appears that governors' involvement in the selection of candidates reduces the number of candidates from Moscow; yet, there is no difference in the safety of the seat those candidates receive. If governors do not want to have Moscow candidates to get elected, they should demand lower position on the party slot for them. But as table 5 suggests, they do not. The only unambiguous conclusion that we can draw from the table is that there is no systematic difference in candidates' earning between the two groups. The mean value of candidates' taxable income is the same for the two groups, but a priori, there in no theoretical reason to expect any difference. Thus there are no systematic differences in socio-economic characteristics between candidates selected to run together with governors and candidates listed on ballots headed by other actors.

Conclusion

In the past decade scholars' interest in party building has intensified and they turned to the post–communist East Europe as a perfect place to study the genesis of new

party organizations.[29] However, unlike the rest of the region, regularly held competitive elections failed to produce institutionalized political parties in Russia. Russia's political parties are candidate-centered and ephemeral. The existing explanations of this phenomenon agree that this outcome was produced by the availability of substitutes. Golosov and Hale, using different methodologies, arrive to this conclusion by drawing an analogy between consumers in a free-market economy and office seekers in Russia. They claim that similar to consumers, candidates turn to other organizations for services traditionally provided to parties. Smyth offers a more complicated explanation, but also emphasizes candidates' strategic calculations. She argues that weak institutionalization of parties in Russia is a negative externality of candidates' failure to coordinate their decision to enter political contest.[30]

The key shortcoming of the candidate-centered explanations consists in their attempt to transplant a grass-root vision of parties that emerged in Western Europe and the United States to the study of party-building process in the country where democratization started as the result of elite compact, but not as the result of the mass-political mobilization. Russia's democratic institutions were created and sustained thanks to the elites' commitment to liberal values.[31] Political parties are among such institutions: their policy platforms, number, membership, and internal organization embody the preferences of a small circle of elites in Moscow. This is especially true for the "parties of power." The first one of them, Our Home is Russia appeared on the eve of the 1995 Duma election because Yeltsin sought to create a manipulable two party system. He instructed his Prime-Minister, Victor Chubays, to create a right leaning party and the Duma Speaker, Ivan Ribkin, the opposition left party. Chubays created Our Home is Russia by recruiting into its ranks all members of the president bureaucracy, and asking governors loyal to Yeltsin to establish party organizations in their regions. Although Our

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[29] Anna M. Grzumala-Busse, Redeeming the Communist Past (Cambridge; New York: Cambridge University Press, 2002)

[30] 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)

[31] William Zimmerman, The Russian People and Foreign Policy (Princeton NJ: Princeton University Press, 2002), Chapter 2

Home is Russia gained only ten percent of the popular vote in 1995, and disappeared from the political scene after 1999, it became a precursor for other parties constructed from the top. Fatherland All Russia, United Russia, and Just Russia came next. All those parties owed their existence to the state, not to the society, and it even prompted a debate among Russian political scientists whether they can be genuinely called "political parties."[32] Therefore, to understand the process of party building in Russia, we need to focus not on the preferences of candidates, but on the decisions made by a much smaller set of actors: the members of party executive committee. These actors are suppliers of party services, while candidates are consumers.

This paper made the first step toward understanding of the supply-side factors by examining how decisions made by the party leaders in Moscow in off-election years affect the camping strategies of the party during elections. The empirical results in this paper demonstrate that regional party bosses decide to "outsource" the provision of one of the most important party function, mobilization of electorate, to other actors because they are constrained by the resources provided by Moscow.

This paper also increased our understanding of inner working of parties in non-democratic federal countries. As Russia moves farther and farther away from a pluralistic system of the 1990s toward a one party state, the inter-party politics become replaced by the intra-party ones. However, we know very little about parties in non-democratic federal states because a rapidly growing literature has focused on parties' and candidates' strategies in competitive elections.[33] As a result, we know very little about how political parties operate in quasi-democratic states and what impact federal system has on within-party democracy. The set of such states includes countries from all over the world: China, Venezuela, and Pakistan. This paper uncovers the dimensions of within-party conflict in a federal state: 1) a vertical conflict between regional party bosses and the party executive committee over the allocation of scare resources; 2) a horizontal conflict between party bosses and governors over the control of ballot access; 3) a vertical conflict between

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[32] Galina Mikhaleva, "Partii Bivayut Rasniye: Edinaya Rosilla-Kak Administrativnaya Partiya," Neprikosnovenniy Zapas 53 (3) (2007) at http://magazines.russ.ru/nz/2007/3/mi5.html

[33] Pradeep Chhibber and Ken Kollman. The Formation of National Party Systems : Federalism and Party Competition in Canada, Great Britain, India, and the United States, (Princeton, N.J.: Princeton University Press, c2004); David Samuels, Ambition, Federalism, and Legislative Politics in Brazil (Cambridge, U.K.; New York: Cambridge University Press, 2003)

governors and mayors over the relative share of candidates from rural vs. urban areas. The paper demonstrates that the outcome of this three-dimensional struggle is determined by the institutional resources of party bosses vis-à-vis other actors.

Table 1　　　　Frequency with which Governors Head the United Russia Ballot

Elections to:	federal legislature			regional assemblies				
	1999 [a]	2003	2007	2004	2005	2006	2007 [b]	2008 [c]
number of regions where elections were held	89	89	84	10	17	17	16	8
Number of governors nominated on the United Russia (or its predecessors) ballots	8	28	65	3	7	14	13	5
	9%	31%	77%	30%	41%	82%	81%	62%
number of governors who accepted seats	1	0	1	0	0	0	0	0

Sources: Compiled by the author using party lists posted on the Central Election Commission site or published in local newspapers

[a] Includes Unity, Fatherland All Russia, and Our Home is Russia
Our Home is Russia lists

[b] Includes only March elections

[c] As of February 2, 2008; in four more regions parties have not submitted lists yet

Table 2   **Attitudes toward Parties and Governors**

	2000	2001	2002	2003	2004	2005	2006
respondents who think that							
parties play very important role in Russia	5.4%	7.1%	5.1%	5.3%	6.3%	4%	5.2%
N	87	114	81	83	100	64	83
governors play very important role in Russia	15.8%	15.6%	16.1%	15.7%	14%	13.9%	14.4%
N	252	249	258	249	221	223	233
sample size	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 3   **United Russia's Expenditures and the Ownership of Motor Vehicles**
(in thousands of 2003 rubles)

	2003	2004	2005	2006
total expenditures	1,001,840	784,478	791,246	970,037
expenditures on party' central office	203,415	188,700	135,093	157,740
(% of total)	20.3	24.1	17.1	16.3
expenditures on regional offices	327,755	363,110	438,969	555,248
(% 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	--	1,186.4	1,084.5	815.9
average car value for cars outside of Moscow	--	124.0	144.0	150.5

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

Table 4   **Estimated Probit Coefficients for Equation 1**

|	(1)	(2)	(3)	(4)	(5)
Transfers per 1000 residents	$-1.700* \times 10^{-5}$				-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

Table 6   Socio-Demographic Characteristics of Nominated Candidates

	other	governor	mean diff	t-stat	p-value	n
% from Moscow	33.04	24.50	8.54	1.81	0.07	84.00
average rank	5.97	5.55	0.42	0.43	0.67	193.00
% from central city	42.43	43.59	-1.16	-0.20	0.84	84.00
average rank	3.57	4.53	-0.96	-1.75	0.08	273.00
% from other cities	18.99	19.83	-0.84	-0.16	0.88	84.00
average rank	4.47	5.14	-0.67	-0.67	0.51	120.00
% businessmen	0.00	0.38	-0.38	-0.54	0.59	84.00
average rank	7.06	6.34	0.72	0.52	0.60	62.00
% mayors	1.93	5.35	-3.42	-1.71	0.09	84.00
average rank	2.50	3.15	-0.65	-0.24	0.81	28.00
% incumbents	30.29	30.77	-0.48	-0.11	0.91	84.00
average rank	3.63	4.49	-0.86	-1.17	0.24	198.00
average income (in million rubles)	2.19	1.22	0.97	1.07	0.28	600.00

Sources: party lists submitted to the Central Election Commission; to account for the fact that the governor will give up the seat, I adjusted the rank of candidates on the governor's ballot by subtracting one.

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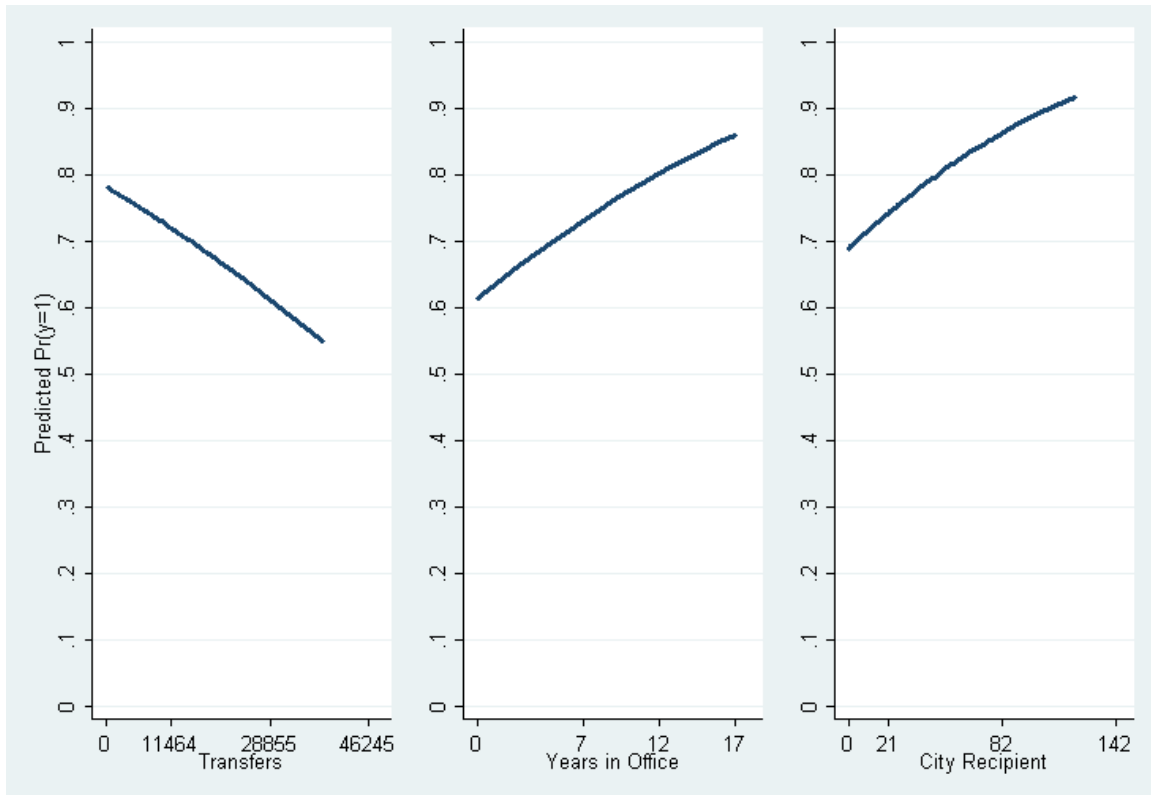
Note: Predicted probabilities were computed using specifications in columns 1-3 in Table 4. For the figure with City Recipient on x-axis, the City Donor variable was fixed at its mean value.

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. To keep the number of observations the same throughout years, I aggregated data to correspond to 2008 boarders.

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* measures amount of rubles per 1000 residents transferred from the central party office to regional offices between 2004 and 2007. Data are reported in annual financial statements that parties are required to submit to the Ministry of Justice and tax authorities no later than March of the following year. Since most of elections were held in the end of the year, I used data on transfers for the same year as the lection 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 output data

form *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 and I am primarily interested in the city-region differences but not in the output itself. 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 output for Gatchina and Podol'sk, respectively.

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

The variable *popDensity* measures population density in the region and comes form 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**

Variable	Obs	Mean	Std.Dev
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