

# Institutional reform regarding Russian regional capitals' executive branch during 2003-2011: Local self-government as part of the vertical system of power?

By  
Kristina Gushchina

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Department of Political Science

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Supervisor: Professor Borbala Kovacs

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## Abstract

Under the new federal law adopted in 2003, Russian cities' executives can be split into two parts. A new position that of the city manager, to be the head of an administration, hired under the fixed-term contract by the local legislature with the involvement of the regional authorities – can be introduced alongside the democratically elected mayor. This has led to the transformation of the mayor into a nominal political figure endowed only with representational powers. However, despite this piece of legislation having been implemented since 2006, not all municipalities – not even all regional capitals – in Russia underwent this bureaucratic reform, with deep implications for local democracy and self-government. Based on the sample of 79 regional capitals this study is aimed at answering the following question: what are the underlying causal factors for the introduction of city managers in some regional capitals in 2003-2011, and of their non-introduction in others? Based on the results of a series of t-tests and chi-square tests, I argue that these institutional changes were not determined by objective economic reasons, the main argument used by the Kremlin for this legislation, but by political games between the key regional and local political actors in each region.

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## Introduction

In the 2000's local self-government in Russia was going through hard times. In 2003 the new federal law N-131 "On general principles of local self-government in the Russian Federation"<sup>1</sup> was adopted. Three years later, in 2006, it came into force. In the framework of this research it is interesting in terms of the three possible models of the organization of cities' executives.

The first model is the old system of the direct mayoral elections where the mayor is the head of the local administration. The second and the third models split cities' executives into two parts. The mayor, directly elected or appointed by the local legislature from its deputies, becomes the chairman of the local legislature. In this case, a new position of the city manager who leads the local administration appears.<sup>2</sup>

Under the second and the third models the mayor loses his administrative powers and becomes endowed only with representational powers. The city manager, in turn, starts to perform administrative functions. The mayor has the right to sign the contract with the city manager, but he cannot influence the decision of the commission which selects the candidate for the position of city manager. The commission's members are appointed by the local legislature and by the regional legislature at the proposal of the regional governor.<sup>3</sup> More detailed description of the law's provision in this regard is given in the chapter 2 below.

Why is this important? I would like to stress two important implications of this law. Firstly, it transfers the actual power in the city from the directly elected mayor to the appointed city manager who is accountable not to the voters, but to the local legislature.

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<sup>1</sup> Federal'ny Zakon N-131 "Ob Obshchih Printsipah Organizatsii Mestnogo Samoupravleniya v Rossiiskoy Federatsii" [Federal Law «On General Principles of Local Self-Government in the Russian Federation»], *Consultant Plus*, accessed May 23, 2015, <http://www.consultant.ru/popular/selfgovernment/>.

<sup>2</sup> Ibid, art. 36, s. 2.

<sup>3</sup> Ibid, art. 37, s. 1-6.

Secondly, it further exacerbates the power asymmetry between the local and regional authorities in favor of the latter, which is in contradiction to the Russian Constitution.

In this research I consider the institution of city managers as the tool of the federal authorities to incorporate local self-government in the vertical system of power, an argument also put forth by Gel'man<sup>4</sup>, Kynev<sup>5</sup>, and Moses<sup>6</sup>. I consider the changes envisioned in the legislation as the logical step of the federal center after the reduction of the level of democracy at the regional level. This issue is considered in section 1.3.2 below. Regional governors were appointed between 2004-2012 throughout Russia, the main period of the institutional reform at the local level, thus they can be considered loyal to the federal center. As a result, one would expect that all regional authorities would put pressure on the local authorities to appoint city managers throughout Russia.

However, the empirical evidence shows that by 2009 city managers appeared in more than nine thousand cities,<sup>7</sup> which is close to half of all cities in Russia (23.907 by 2010<sup>8</sup>), but certainly not all. That is, not all cities decided or were forced to implement the new legislation and to split their executives, undermining elected mayors' powers locally. This is an interesting puzzle, leading to the following research question: what are the underlying causal factors for the introduction of city managers in some cities in 2003-2011, and of their non-introduction in the others? Based on the sample of 79 regional capitals I answer this question through the testing of four hypotheses dealing with the possible economic and political drivers of this process.

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<sup>4</sup> Vladimir Gel'man, "Ot Mestnogo Samoupravleniya k Vertikali Vlasti" [From the local self-government to the vertical structure of power], *Polit.ru*, April 16, 2007, accessed May 23, 2015, <http://polit.ru/article/2007/04/16/gelman/>.

<sup>5</sup> Alexander Kynev, "Bezmernaya vlast'" ["Power without mayors"], *Gazeta.ru*, September 9, 2010, accessed May 16, 2015, [http://www.gazeta.ru/comments/2010/09/09\\_x\\_3417653.shtml](http://www.gazeta.ru/comments/2010/09/09_x_3417653.shtml).

<sup>6</sup> Joel C. Moses, "Russian Local Politics in the Putin-Medvedev Era", *Europe-Asia Studies* 62, no. 9 (November 2010). Joel C. Moses, "Russian Mayors Embattled", *Russian Analytical Digest*, no. 139 (November 2013).

<sup>7</sup> Michael Zakharov, "Neeffektivie Menedgeri" ["Inefficient Managers"], *Polit.ru*, July 22, 2011, accessed May 25, 2015, [http://polit.ru/article/2011/07/22/city\\_manager/](http://polit.ru/article/2011/07/22/city_manager/).

<sup>8</sup> Baza Dannih Pokazateley Munitsipal'nih Obrazovaniy [Database of the Indicators of Municipalities], *Federal State Statistics Service*, accessed May 25, 2015, <http://www.gks.ru/dbscripts/munst/>.

The structure of my thesis is the following. The first chapter is the review of the relevant literature. This helps me to locate my research in the broader theoretical framework, while also revisiting the empirical work that exists in relation to local administration reform in Russia. The second chapter outlines the main points of the federal law, explaining the potential reasons for its adoption as well as the administrative changes it can produce at the municipality level. The third chapter provides the detailed description of the research design. The fourth chapter is devoted to the empirical analysis. In the final section I draw conclusions based on the obtained results and propose some ideas about further analyses.



## 1. Literature review

Russian local self-government in general and cities' executive power in particular are quite narrow issues. However, this topic should be considered as a part of a broader theoretical framework of the problems of de-democratization and centralization of political power in non-democratic polities. In this chapter I show how the institutional reform of local self-government undertaken by the Russian federal authorities over the last 15 years can be analyzed within the prism of this literature.

Firstly, I outline the basic arguments of why some countries become democratic and consolidate while others do not. Secondly, I focus on the particular line of the theoretical debate, namely on the natural resource curse literature. Thirdly, the main reasons why Russia has reversed its path of democratic consolidation, shifting towards authoritarianism after the short excursion into democracy in the 1990's will be provided. Then, I concentrate on the institutional reforms conducted by the federal center in order to diminish the level of democracy at the regional level. The final section focuses on the review of empirical research dedicated to the political power's reduction at the local level in Russia.

### 1.1. Theories of democratization and democratic consolidation

Why do some states manage to become democracies whereas others do not? Adherents of modernization theory claim that modernization leads to democratization. Lipset establishes that integral measurement of the countries' economic development (levels of wealth, industrialization, education, and urbanization) positively correlates with democratic rule. The main identified causal mechanism is the changes in societies. Education contributes to the development of people's democratic political culture. Economic wealth determines the

creation of the middle class and civil society organizations.<sup>9</sup> Thus, societal changes caused by modernization result in democratization led by the middle class and workers.

Moore challenges modernization theory. He suggests to look at the social relations in the pre-modern countryside, e.g., between peasants and lords, and at the type of agriculture commercialization as the factors determining the emergence of a particular political structure. Based on the different types of these relationships, the author distinguishes three distinct ways of societies' development. All of them are associated with revolutions, but only bourgeois revolutions lead to the establishment of democracy. Two others, peasant and conservative revolutions, end up with communism and fascism, respectively.<sup>10</sup>

Huntington tries to combine both structural and actor-centered approaches, and identifies different factors of each of the three waves of democratization. The variables distinguished by Lipset and Moore are mainly characterized as the reasons for the first wave of democratization. The second wave was caused by the Second World War and by the empires' collapse.<sup>11</sup> The third wave of democratization of the 1970-1980's was determined by five factors:

- 1) Authoritarian regimes started to lose their legitimacy mainly due to poor economic performance;
- 2) Improvement of economic wealth and education in the 1960's on the global level;
- 3) Changes in the domain of the Catholic Church – religious leaders started to point out on the necessity of different reforms;

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<sup>9</sup> Martin Seymour Lipset, "Social Requisites of Democracy: Economic Development and Political Legitimacy", *The American Political Science Review* 53, no. 1 (March 1959): 75; 80; 83.

<sup>10</sup> Barrington Moore, *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Penguin University Books, 1966), 413-414.

<sup>11</sup> Samuel Phillips Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman and London: University of Oklahoma Press, 1991), 39-40.

4) Changes at the international arena – the emphasis on the ideas of human rights and democratic rule;

5) “Policy-learning” – if a country democratizes, then its neighbors more likely to democratize in response.<sup>12</sup>

Despite the importance of these factors, Huntington claims that “the emergence of social, economic, and external conditions favorable to democracy is never enough to produce democracy”,<sup>13</sup> because the political regime is changed by actors. “Whatever their motives, some political leaders have to want it to happen ...”.<sup>14</sup> This conclusion, honing in on political entrepreneurs supporting democracy, brings us closer to the research I would like to describe in more details.

Acemoglu and Robinson address such questions as “...why some societies are democratic, why some societies switch from non-democracy to democracy, and why some democracies revert back to dictatorships”.<sup>15</sup> This study is of particular interest to me because the authors pay special attention on the role of political institutions and on the reasons/consequences of their changes.

Similarly to Moore, Acemoglu and Robinson distinguish several paths of a state’s political development: from non-democracy to democracy; from non-democracy to democracy without its further consolidation and the reverse back to non-democratic governance; preservation of non-democratic rule due to its high level of economic development; the preservation of non-democracy due to repression. The second path describes the situation in Argentina<sup>16</sup>, but I argue that this model can be also applied to post-soviet

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<sup>12</sup> Ibid, 45-46.

<sup>13</sup> Ibid, 108.

<sup>14</sup> Ibid.

<sup>15</sup> Daron Acemoglu and James Robinson, *Economic Origins of Dictatorship and Democracy* (Cambridge University Press, 2009), 18.

<sup>16</sup> Ibid, 1; 4-7.

Russia. It turned to democracy in the 1990<sup>th</sup>, but when Putin came into office in 1999 he started power centralization. This issue is taken up in section 1.3 below.

There are three main units of Acemoglu and Robinson's approach which are also relevant for my research. The first one is economic and allows the authors making assumption that actors have a particular set of preferences and behave strategically taking into consideration the possible social/political/economic consequences of their actions. Thus, actors' behavior can be modeled and predicted.<sup>17</sup>

The second block is the conflictual nature of politics which means that people's and elites' preferences over policies differ. The conflicts' results are determined by the actor who has more political power. Acemoglu and Robinson distinguish between two types of political power: de facto political power – usage of force; de jure – set by political institutions. Actual political power is the combination of both.<sup>18</sup>

The third unit is political institutions. They are of particular importance since they allocate present and future political power due to the relative durability. "... Institutions determine how the political preferences of various groups are aggregated into social choices. Therefore, introducing a set of institutions today influences how powerful various different social groups will be not only today, but also tomorrow".<sup>19</sup> Thereby, the establishment of particular political institutions is one of the most important sources of political power for authorities, especially for the future.

Acemoglu and Robinson found seven factors that can explain cross-national variations in the timing and chances of transition to democracy and democratic consolidation. Positive correlation is provided by the existence of civil society and a middle class; the presence of political shocks and economic crises; elites investing in different forms of capital, not in land; middle level of economic inequality; and globalization (international political and economic

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<sup>17</sup> Ibid, 19.

<sup>18</sup> Ibid, 20-21.

<sup>19</sup> Ibid, 154.

integration).<sup>20</sup> The configuration of political institutions and their functions (e.g., the way the Constitution is written and the type of political regime) also play one of the most important roles in democratization. In general, “richer countries are more likely to be democratic, more educated countries are more likely to be democratic, and more unequal countries are generally less democratic”.<sup>21</sup>

All of the considered pieces of literature make little contribution to my research because they are cross-country focused and do not pay much attention to the bureaucratic decisions and the processes at the subnational level. In general, democratization occurs due to modernization, improvement of social capital, and the rise of civil society; revolution; and political actors’ will. The latter reason is more relevant for the case of Russia. Political actors are the main players in political arena who make decisions and undertake reforms. Thus, together with Acemoglu and Robinson I argue that politicians have a particular set of preferences. One of them is to preserve/to increase their political power with the help of political institutions specially built for this purpose.

Thereby, this approach can help to understand why Russia reverts back to authoritarianism after a short period of democratization. Natural resources abundance inhibited economic development and, as a result, the evolution of civil society in Russia. This issue is described in sections 1.2 and 1.3. What is important is that these conditions were used by president Putin in order to recentralize power by conducting different institutional reforms which are described in section 1.3.

## **1.2. The resource curse, democratization, and democratic consolidation**

The issue of the natural resource curse is of particular interest, because Russia is one of the main producers of oil and natural gas in the world.<sup>22</sup> There are two camps of scholars

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<sup>20</sup> Ibid, 30-38.

<sup>21</sup> Ibid, 43.

<sup>22</sup> The World Factbook, Crude Oil Production, *Central Intelligence Agency*, accessed May 25, 2015, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2241rank.html>. The World Factbook,

distinguished in regard to this phenomenon. One of them associates the preservation of authoritarian regimes with the presence of resource rents. Rulers can use natural resource rents<sup>23</sup> to finance institutions of repression, such as secret police, to buy off the loyalty of political competitors, or to create the illusion of the economic development to attract more supporters.<sup>24</sup>

Another camp's adherents claim that there is no unilateral positive relationship between the resource abundance and authoritarianism, and the link can even work vice versa, meaning that authoritarian governments end up with economic institutional setups characteristic of the resource curse phenomenon. One of the main arguments is that the relationship between resource abundance and regime type is mainly determined by the quality of institutions.<sup>25</sup> For instance, Norway and Canada are examples of "resource blessing" due to their institutional configurations.<sup>26</sup>

Shafer claims that revenues received from the oil sector are highly concentrated. This causes rent-seeking behavior of the main political actors and, as a result, they want to preserve their control over the oil rent in the future by shaping political institutions in their

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Natural Gas Production, *Central Intelligence Agency*, accessed 25, 2015, <https://www.cia.gov/library/publications/resources/the-world-factbook/rankorder/2249rank.html>.

<sup>23</sup> Surplus received due to the difference between the costs of resource's extraction and its sale.

<sup>24</sup> See, e.g., D. Michael Shafer, *Winners and Losers: How Sectors Shape the Developmental Prospects of States* (Ithaca, New York: Cornell University Press, 1994). Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States* (University of California Press, 1997). Aaron Tornell and Philip R. Lane, "The Voracity Effect", *American Economic Review* 89, no. 1 (March 1999). Michael L. Ross, "Does Oil Hinder Democracy?", *World Politics*, no. 53 (April 2001). Michael L. Ross, "Oil and Democracy Revisited", *Social Sciences*, UCLA (2009). Kevin K. Tsui, "More Oil, Less Democracy: Evidence from Worldwide Crude Oil Discoveries", *The Economic Journal* 121 (March 2010).

<sup>25</sup> See, e.g., Jonathan Isham et al., "The Varieties of Resource Experience: Natural Resource Export Structures and the Political Economy of Economic Growth", *Middlebury College Economics*, Discussion Paper no. 03-08 (April 2003). James A. Robinson, Ragnar Torvik, and Thierry Verdier, "Political Foundations of the Resource Curse", *Journal of Developmental Economics*, no. 79 (2006). Christa N. Brunnschweiler, "Cursing the Blessings? Natural Resource Abundance, Institutions, and Economic Growth", *World Development* 36, no. 3 (2008). Stephen Haber and Victor A. Menaldo, "Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse", *American Political Science Review* 105, no. 1 (February 2011).

<sup>26</sup> See, e.g., Robert D. Cairns, "Natural Resources and Canadian Federalism: Decentralization, Recurring Conflict, and Resolution", *Oxford University Press* 22, no. 1 (Winter 1992). Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States* (University of California Press, 1997). Erling Roed Larsen, "Escaping the Resource Curse and the Dutch Disease? When and Why Norway Caught up with and Forged Ahead its Neighbors", *American Journal of Economics and Sociology*, 65, no. 3 (July 2006).

interests. This is more possible if the existing institutional configuration is already fuzzy.<sup>27</sup>

This idea is supported by Karl, who states that the negative consequences of the state's heavy reliance on one resource are accelerated by weak institutions, regardless of the political regime. Resource abundance also creates the incentives for the political actors to penetrate the state.<sup>28</sup> These arguments are applicable to Russia of the early 2000's in the period of the new institutions' building. The federal authorities used resource rents to create the institutional arrangements that can help them to strengthen their power in the future.<sup>29</sup>

Ross tried to reveal the causal mechanisms between resource abundance and democracy at the national level. His overall finding is that "the oil-impedes-democracy claim is both valid and statistically robust; in other words, oil *does* hurt democracy".<sup>30</sup> Ross distinguishes three causal mechanisms of this negative relationship. The first one is the so-called rentier effect which operates through mechanisms of taxation, spending, and group formation. The first two effects imply that the resource rent allows government to decrease taxes and use patronage as the tool of influence on the elite and people. These measures, in turn, "... relieve pressures for greater accountability".<sup>31</sup> Group formation effect presupposes that the government can prevent formation of the independent civil society's organizations. The repression effect implies that revenues derived from natural resource exports can be used by the authorities to invest in security and public order.<sup>32</sup> In short, countries with ready access to natural resource rents can suppress opposition more easily.

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<sup>27</sup> D. Michael Shafer, *Winners and Losers: How Sectors Shape the Developmental Prospects of States* (Ithaca, New York: Cornell University Press, 1994), 14.

<sup>28</sup> Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States* (University of California Press, 1997), 47-49; 80.

<sup>29</sup> Andrew Shcherbak, "'Neftyanoe Proklyatie' Politicheskogo Razvitiya" ["'Resource Curse' of Political Development"] in *"Resursnoe Proklyatie": Neft', Gaz, Modernizatsiya Obshchestva* ["'Resource Curse': Oil, Gas, Modernization of Society"], ed. Nikolai Dobronravov (Saint Petersburg: The School of Economics, HSE, 2008), 38-39; 52.

<sup>30</sup> Michael L. Ross, "Does Oil Hinder Democracy?", *World Politics*, no. 53 (April 2001): 356.

<sup>31</sup> Ibid, 328.

<sup>32</sup> Ibid, 332-335.

The modernization effect operates in the manner described by Lipset. “Democracy is caused by a collection of social and cultural changes – including occupational specialization, urbanization, and higher levels of education – that in turn are caused by economic development”.<sup>33</sup> Natural resource rents, in turn, do not usually contribute much to the actual modernization of the economy. Contrary to the political nature of the first two mechanisms, this one is social.<sup>34</sup> This finding is supported by Isham who states that “... resource abundance simultaneously ‘strengthens states’ and ‘weakens societies’ ...”.<sup>35</sup>

Later Ross revised his findings. The usage of modified measurements and the increase of the sample lead to the partial confirmation of the previous hypotheses only. Two of the three identified causal mechanisms did not find support. The only mechanism through which oil was found to negatively influence democratization was the rentier effect – low taxes and high governmental spending.<sup>36</sup>

Haber and Menaldo suggest an alternative relationship between authoritarianism and the resource curse and note that the latter develops mainly as a result of authoritarian government. The authors observe 53 countries’ indicators on resource income, fiscal reliance, polity scores, etc. before and after the discovery of resource abundance to look at the relationship between natural resources and political development in the long-run. The analysis shows that

to the degree that we detect any statistically significant relationships, they point to a resource blessing: increases in natural resource income are associated with increases in democracy. This is particularly the case among countries that had low per capita incomes before they discovered resources.<sup>37</sup>

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<sup>33</sup> Ibid, 336.

<sup>34</sup> Ibid, 337.

<sup>35</sup> Jonathan Isham et al., “The Varieties of Resource Experience: Natural Resource Export Structures and the Political Economy of Economic Growth”, *Middlebury College Economics*, Discussion Paper no. 03-08 (April 2003): 9.

<sup>36</sup> Michael L. Ross, “Oil and Democracy Revisited”, *Social Sciences*, UCLA (2009): 2.

<sup>37</sup> Stephen Haber and Victor A. Menaldo, “Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse”, *American Political Science Review* 105, no. 1 (February 2011): 3.



This means that generally the increase in reliance on natural resources also increases the level of democracy. However, Haber and Menaldo note that their findings do not oppose the fact that authoritarian leaders can use resource rents to preserve their regimes.<sup>38</sup> This brings us to the importance of political institutions and actors' incentives again. Robinson et al. claim that under fuzzy rules of the political game politicians can over-extract resources to ensure their winning in the elections through clientelism, patronage, and public employment.<sup>39</sup>

Gervasoni brings together the issues of the resource rent's influence on democratization and federalism. The author proposes to test the influence of the so-called fiscal rent<sup>40</sup> in general on the democracy. Focusing on the economic relations between the federal center and subnational units in Argentina, Gervasoni claims that they are based on the fiscal federalism rent – federal subsidies granted to the provinces. As a result, there are “high fiscal vertical imbalances” and “redistribution of revenues in favor of economically smaller units”.<sup>41</sup> Based on the empirical evidence the author notes that these two features cause the development of rentier regimes at the subnational level. Many Argentinian provinces' revenues are mainly composed from federal transfers rather than from collected taxes and own revenues.<sup>42</sup>

The causal mechanism is the same as proposed by Ross. Federal transfers allow subnational authorities to decrease the tax burden. “If ... incumbents can spend rents discretionally, they might use them to pay high salaries to many civil servants, ... finance extensive clientelism, and dominate the media advertising market, all of which decrease the

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<sup>38</sup> Ibid.

<sup>39</sup> James A. Robinson, Ragnar Torvik, and Thierry Verdier, “Political Foundations of the Resource Curse”, *Journal of Developmental Economics*, no. 79 (2006): 449-450.

<sup>40</sup> “Income a state obtains from an external source, for whatever reasons, that implies little or no production cost and needs the cooperation of a small minority of the population”. Carlos Gervasoni, “Fiscal Federalism as a Source of Rents: Subnational Rentier States and Democracy in Argentina” (paper presented at the Annual Meeting of the American Political Science Association, Toronto, Canada, September 3 – 6, 2009): 6.

<sup>41</sup> Ibid, 11.

<sup>42</sup> Ibid, 14.

incentive for social actors to oppose the incumbent”.<sup>43</sup> Gervasoni concludes that all types of fiscal rent negatively correlate with democracy. However, he claims that “rents may be a necessary condition that becomes sufficient only in the presence of leaders with clear goals, strong wills, and effective strategies”.<sup>44</sup>

Thereby, Gervasoni emphasizes, as well as Huntington, Acemoglu and Robinson, and Robinson et al., the importance of political actors. A particular constellation of factors creates (un) favorable conditions for the institutional changes, but it is primarily political actors who decide whether to exploit them or not. Thus, there are two important implications for my research. Firstly, the actor-centered approach can help to explain the non-democratic institutional reforms at the regional and local levels in Russia undertaken with the help of resource revenues. Secondly, Gervasoni’s hypothesis about the positive relationship between regions’ high subsidy dependence on the federal center and subnational authoritarian regimes should be tested in the Russian case only.

### **1.3. Empirical literature on Russian authoritarianism during the “Putin era”**

This section discusses the factors of Russia’s reverse back to authoritarianism after a short period of democratization in the 1990’s. It also outlines the key institutional reforms undertaken by the federal government that decreased the level of democracy at the regional level. Then, it proceeds to the consideration of the empirical research dealing with the issue of the suppression of local self-government and local democracy.

#### **1.3.1. Russia shifts towards authoritarianism**

Fish analyzes why democratization processes which started in Russia in the 1990’s were ceased after Putin came into power. His study covers the period between the collapse of the USSR in 1991 until 2004 and discusses factors that prevented Russia’s democratic

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<sup>43</sup> Ibid, 17.

<sup>44</sup> Ibid, 20.

consolidation. The author considers the Russian regime not as the movement toward authoritarianism, but as democracy's failure.<sup>45</sup>

Fish provides a lot of empirical evidence to support this claim. He suspects Russian authorities of electoral fraud conducted through the usage of the votes of "dead souls" and obstructing the work of monitoring commissions.<sup>46</sup> Golosov also shows how the ruling "United Russia" party converted 37.57% of votes into 68.33% of seats in the State Duma in the federal parliamentary election in 2003 through the combination of institutional and political means: redistribution of votes "against all" and of invalid votes; the usage of first past the post electoral system in the single-member districts, etc.<sup>47</sup> Candidates and parties running in the elections can also be subjected to "arbitrary exclusion from electoral participation" on the basis of the fabricated administrative and criminal charges against them.<sup>48</sup>

The abuse of administrative resources leads to the handling of soft forms of coercion.

... Soft coercion often takes the form of playing on individuals' and communities' economic dependence, threatening dissenters with loss of employment, intimidating people with threats of violence, and using voting schemes that do not necessarily qualify as falsification but that nevertheless ensure power-holders' control over blocs of votes.<sup>49</sup>

There are also many examples of hard coercion, that is, the murders of oppositional politicians and journalists.<sup>50</sup>

Why did Russia reverse back to authoritarianism? Based on the samples of all countries and of the 28 post-communist states, Fish finds a statistically significant positive correlation between the level of economic development and democracy as for instance Lipset

<sup>45</sup> M. Steven Fish, *Democracy Derailed in Russia: The Failure of Open Politics* (Cambridge University Press, 2005), 2.

<sup>46</sup> Ibid, 54-60.

<sup>47</sup> Grigorii Golosov, "Sfabrikovannoe Bol'shinstvo: Konversiya Golosov v Mesta na Dumskih Viborah 2003 Goda ["Manufactured Majority: Conversion of Votes into Seats in the Parliamentary Elections of 2003"], *Polis. Political Studies*, no. 1 (2005): 109, 113.

<sup>48</sup> M. Steven Fish, *Democracy Derailed in Russia...*, 61-67.

<sup>49</sup> Tatiana Zverintseva, "Politicheskie Ubiystva v Sovremennoy Rossii" ["Political Assassination in Modern Russia"], *Slon.ru*, February 28, 2015, accessed April 18, 2015, [http://slon.ru/russia/politicheskie\\_ubiystva\\_v\\_sovremennoy\\_rossii-1220581.xhtml](http://slon.ru/russia/politicheskie_ubiystva_v_sovremennoy_rossii-1220581.xhtml).

<sup>50</sup> M. Steven Fish, *Democracy Derailed in Russia...*, 60-61.

in his book. However, he notes that “Russia is not poor and its level of economic development does not explain its shortcoming in democratization”.<sup>51</sup> Fish also checks the relationships between democracy and the level of ethnic fractionalization, the size of the Muslim population, and communist legacy. The latter is not correlated with the democracy. The former two factors have a negative influence on democracy, but are not significant.<sup>52</sup>

Fish shows that “Russia’s failure to democratize has three [other] causes: too much economic reliance on oil, too little economic liberalization, and too weak a national legislature”.<sup>53</sup> The causal mechanism of the negative influence of oil on Russian democracy is different from those proposed by Ross and deals with corruption. This causal mechanism operates not only in Russia but “in any resource-abundant country that does not have a highly developed, longstanding system of laws and effective agencies of law enforcement ...”.<sup>54</sup> The level of corruption in a country is difficult to measure, but we can assume that corruption effect also works due to the lack of citizens’ control over the state. As a result, decrease of transparency causes the loss of the political institutions’ quality and efficiency. One of the first works examining the negative influence of the resource abundance on corruption under the weak institutions is one by Leite and Weidmann.<sup>55</sup>

The second factor is statism in the economy which undermines development of independent social organizations and of civil society. Political parties are weak, especially oppositional, because the ruling party is supported by the President. Thus, these factors do not contribute to the increase of political openness of the regime. The third factor is institutional problems. Particularly, Fish focuses on the Russian super-presidentialism fixed in the Constitution and, as a result, weak legislature. The latter prevents development of strong

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<sup>51</sup> Ibid, 98.

<sup>52</sup> Ibid, 88.

<sup>53</sup> Ibid, 2.

<sup>54</sup> Ibid, 127.

<sup>55</sup> Carlos Leite and Jens Weidmann, “Does Mother Nature Corrupt? Natural Resources, Corruption, and Economic Growth” (IMF Working Paper, 1999).

political parties and competent politicians.<sup>56</sup> Fish also claims that super-presidentialism increases the corruption's level due to "... the executive's control over public expenditure and the weakness of checks on executive-branch officials".<sup>57</sup>

Summing up, the natural resource rent and super-presidentialism contribute to the weakening of the political institutions, namely the legislature and political parties, and to the increase of the level of corruption. This has been happening on the basis of the weak civil society and the state's control over the existing social organizations. Consequently, Fish predicts that these conditions cannot be changed in the short-run, therefore "open politics will not come to Russia on Putin's watch".<sup>58</sup>

### 1.3.2. Reduction of the level of democracy at the regional level in Russia

Now we proceed to the particular reforms undertaken by the federal authorities to diminish the level of democracy at the regional level. Golosov considers the evolution of post-soviet Russian authoritarianism distinguishing Russian politics in several periods based on the federal electoral cycles. Golosov claims that the political system formed by 2008 was primarily determined by the relationships between the federal center and regional authorities.<sup>59</sup>

Golosov states that Putin's first presidential term was marked by an attempt to decentralize political power, dispersed after the collapse of the USSR. The main reform of the 2000-2004 period was the states' division into seven federal units. It allowed to establish federal control over regions and to unify the legal space since the regional constitutions and laws adopted in the 1990's sometimes were not in accordance with the Constitution of federal Russia. Golosov argues that this wave of reform was partially necessary because regional

<sup>56</sup> M. Steven Fish, *Democracy Derailed in Russia...*, 176; 226; 232.

<sup>57</sup> Ibid, 242.

<sup>58</sup> Ibid, 271.

<sup>59</sup> Grigorii Golosov, "Elektoral'niy Avtoritarizm v Rossii" ["Electoral Authoritarianism in Russia"], *Pro et Contra* (January-February, 2008): 22.

authoritarian regimes created during the 1990's were almost consolidated in the early 2000's. Regional economies and regional legislatures were under the control of governors with strong regional allegiances and weak connection to the federal center.<sup>60</sup>

Regional governors were the main actors in their territories due to the weakness and unpopularity of political parties. Thereby, the level of loyalty to the governors, who usually ran for office as independent candidates, was one of the main conditions for parties to be elected. What is more, the practice of arbitrarily exclusion of candidates from the electoral race described by Fish also started to gain popularity in the early 2000's. Consequently, one of the main tasks for the federal center was to diminish power of the regional governors by the institutionalization of the party system and by reducing the overall number of parties.<sup>61</sup> According to the federal law of 2001, political parties had to have regional branches and no less than 10.000 members to participate in federal and regional elections.<sup>62</sup>

The amendment to this federal law of 2002 made it obligatory that at least  $\frac{1}{2}$  of the regional deputies be elected under a proportional electoral rule.<sup>63</sup> Golosov analyzes 191 regional elections held between 2001-2013 under the proportional electoral system. He shows that regional differences in methods of calculating votes into seats set by the regional authorities also affected the results of the elections. His findings state that "restrictive seat allocation rules suppress legislative fragmentation primarily because they lead to the over-representation of major parties".<sup>64</sup>

Nevertheless, the regional parliamentary elections of 2004 were not successful for the ruling "United Russia" (UR) party. One of the reasons was the usage of the administrative and political powers by some governors. "For the weaker governors it was politically more

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<sup>60</sup> Ibid, 24-25.

<sup>61</sup> Ibid, 26-27.

<sup>62</sup> Federal'nii Zakon N-95 "O Politicheskikh Partiyah" [Federal Law N-95 "On Political Parties"], *Rossiiskaya Gazeta* [Russian Newspaper], accessed 18 April, 2015, <http://www.rg.ru/2001/07/11/partii-dok.html>.

<sup>63</sup> Grigorii Golosov, "Elektoral'niy Avtoritarizm v Rossii"...: 27.

<sup>64</sup> Grigorii Golosov, "The Effects of Proportional Seat Allocation Methods upon Legislative Fragmentation: Evidence from Russia", *European Politics and Society* (2014): 14.

advantageous to deal with a segmented [regional] parliament in which no party has ‘a controlling interest’”.<sup>65</sup> This, in turn, could lead to the creation of regional centers of power of the oppositional parties. Golosov claims that only after 2004 did this potential threat lead to the main federal center’s authoritarian reaction and to the greater movement toward strengthening federal center’s control over regional politics.<sup>66</sup> As Acemoglu and Robinson would say, it was necessary for the federal authorities to ensure their power in the future (the results on the federal elections of 2007 and 2008), thus, new institutional reforms were undertaken.

Golosov argues that “it was necessary to create a system in which the governor cannot stay out of party politics, but would be forced to support only one party”<sup>67</sup>, which is the ruling UR party. The means to achieve it was the abolishment of direct elections of the regional governors in 2004. According to this change, governors were now appointed by the regional legislatures at the proposal of the president. In this case, governors had to be loyal to the federal center and could not allow themselves supporting different minor parties.<sup>68</sup>

The latter were suppressed even more by the new amendment to the federal law “On Political Parties” of 2004. Parties had to have no less than 50.000 members prior to the federal parliamentary elections of 2007. As a result, the overall number of parties running in elections was reduced from 46 in 2003 to 15 in 2007, and to seven in 2009.<sup>69</sup> In 2005 the upper electoral threshold was established at 7%. This implicitly assumed that all regions would adopt it for the regional elections. Most of them started to do it after 2006.<sup>70</sup> The last

<sup>65</sup> Grigorii Golosov, “Elektoral’niy Avtoritarizm v Rossii” ....: 28. (All translations from Russian are made by me).

<sup>66</sup> Ibid, 22.

<sup>67</sup> Ibid, 30.

<sup>68</sup> Ibid.

<sup>69</sup> Grigorii Golosov, “The Regional Roots of Electoral Authoritarianism in Russia”, *Europe-Asia Studies* 63, no. 4 (June 2011): 636.

<sup>70</sup> Grigorii Golosov, “Federalism, Gubernatorial Power and the Incorporation of Subnational Authoritarianism in Russia: a Theory-Testing Empirical Inquiry”, *Macmillan Publishers, Acta Politica* (2015): 6.

important reform of those years was the abolishment of the “against all” entry on the ballot operated on the federal elections of 2003-2004, used by quite a high percentage of voters.<sup>71</sup>

These institutional reforms “... incorporated regional authoritarianism into the structure of the all-Russian authoritarian power”.<sup>72</sup> The main feature of this structure was the almost absolute power of the governors in their regions in exchange for their loyalty to the federal center and the delivery of high percentages of votes for the UR party and its candidates in federal and regional elections.<sup>73</sup> This conclusion was also supported by recent empirical data. Statistical analysis showed that “... decision making on the major components of electoral reform was completely translated to the regional level” by the regional governors.<sup>74</sup> That is, the regional political structure can be considered as the replication of the federal power system.

Consequently, the democratization processes which started in the 1990’s in Russia ceased after Putin came to power in 1999. There are several arguments of why the federal authorities managed to suppress democracy: the usage of the natural resource rent which, in turn, decrease the level of transparency, efficiency, and quality of the political institutions and impeded the development of civil society.<sup>75</sup> We could see from the review of empirical research that federal authorities undertook many institutional reforms that allowed them to incorporate regional regimes into the federal structure of power controlled by the President.

Thus, I argue that the introduction of city managers was the next logical step by the federal authorities. This reform was aimed at the subordination of local self-government to the regional and federal authorities. However, taken into consideration the above mentioned evolution of Russian authoritarianism, it is surprising that the new position did not appear in

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<sup>71</sup> Grigorii Golosov, “Elektoral’niy Avtoritarizm v Rossii” ....: 31-32.

<sup>72</sup> Ibid, 33.

<sup>73</sup> Ibid, 33.

<sup>74</sup> Grigorii Golosov, “Federalism, Gubernatorial Power and the Incorporation of Subnational Authoritarianism in Russia...: 15.

<sup>75</sup> M. Steven Fish, *Democracy Derailed in Russia...*



all cities. To find out the underlying causal factors of this phenomenon is the main goal of my research.

### 1.3.3. Reduction of the level of democracy at the local level in Russia

Institutional change regarding Russian local self-government remains undeveloped in the academic field. Most of the researches focusing on these problems are presented by short journalistic and analytical articles that appear in the media<sup>76</sup> and are published on the personal blogs of Russian political scientists.<sup>77</sup> Nevertheless, there are a few works that I would like to outline. The only research where the authors try to identify the reasons for the abolishment of the direct mayoral elections is one by Gel'man and Lankina. Based on a sample of 76 regional capitals, the authors test several hypotheses and distinguish seven factors that could have an impact on institutional reform:

- 1) Level of modernization in a region;
- 2) Share of local revenues in the regional consolidated budget;
- 3) Regions' subsidy dependence on the federal center;
- 4) Historical legacy – the presence/absence of the direct mayoral elections prior to 2003;
- 5) The electoral results of the federal parliamentary elections;
- 6) The data on whether mayors ran for office in the gubernatorial elections;
- 7) International influence in a region measured as the amount of financial assistance from the European Union (EU).<sup>78</sup>

<sup>76</sup> See, e.g., *Slon.ru*, accessed April 18, 2015, <https://slon.ru/>. *Lenta.ru*, accessed April 18, 2015, <http://lenta.ru/>. *Forbes.ru*, accessed April 18, 2015, <http://www.forbes.ru/>.

<sup>77</sup> See, e.g., Alexander Kynev, "Politicheskii Analitik" ["Political Analytic"], *Livejournal.com*, accessed April 18, 2015, <http://alexander-kynev.livejournal.com/>. Vladimir Gel'man, *Livejournal.com*, accessed April 18, 2015, <http://grey-dolphin.livejournal.com/profile>.

<sup>78</sup> Vladimir Gel'man and Tomila Lankina, "Politicheskie Diffuzii v Usloviyah Prostranstvenno Gibridnogo Regima: Institutsional'noe Stroitel'stvo i Vibori Merov v Gorodakh Rossii" ["Political Diffusions in the Conditions of the Spatially Hybrid Regime: Institution-Building and Elections of Mayors of Russia"], *Society and Power in Russia*, (November 2007): 94-95.

The results of the statistical analysis show that the abolishment of the direct mayoral elections was influenced by three factors: high percentage of votes received by the UR party in the regions on the federal parliamentary elections; small amount of economic aid from the EU; the “policy learning” effect, that is, the presence of a neighboring region where the direct election of mayors was abolished.<sup>79</sup>

I would like to build on this empirical study by tackling several of its shortcomings, which I am going to overcome in my inquiry. Firstly, their work identifies the reasons of the abolishment of the direct mayoral elections which did not always go together with the introduction of city managers. Secondly, the research is based on 2006 data, when the federal law came into force. However, at that time, institutional changes had affected only a small number of cities. Many regional capitals introduced city managers later, in 2009-2011. Thirdly, the used independent variables are mainly related to the regions rather than to the cities. This does not allow the authors to analyze the institutional changes of the cities’ executive on a deeper level.

Furthermore, the influence of oppositional parties is measured as the percentage of votes cast for the “SPS” party (“Union of Right Forces”) and “Yabloko”. In the early 2000’s, these parties had a relatively high popular support. However, over time, the SPS ceased to exist, and “Yabloko” was marginalized. In this regard, I take the percentage of votes cast for the CPRF (Communist Party of Russian Federation). Nowadays, this party is the only contender against the UR party in the elections.

In general, studies devoted to the problems of local self-government in Russia are characterized by two features. Firstly, most of them are broad and focus on the overall trajectory of the institutional and economic reforms undertaken by the federal government in the 2000’s. They describe how certain reforms are reflected in the level of cities’ economic

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<sup>79</sup> Ibid, 106.

development and political independence and primarily focus on the description of the reforms and of local self-government's development in the historical perspective.<sup>80</sup> Secondly, if the inquiries are narrower, their subject is not restricted to the cities' executives but rather to their legislatures.<sup>81</sup>

Kynev describes the general trends of the institutional reforms of the executive and legislative powers at the regional and local levels in the early 2000's. He also shows in detail the main points of the federal law of 2003 on local self-government. However, his analysis focuses more on the description of the empirical evidence, namely, how the parliamentary and mayoral elections were held, who ran for office, and so on,<sup>82</sup> instead of providing a theoretically grounded, empirically tested explanation.

Moses describes and tries to distinguish some political causes of the reforms at the regional and local levels undertaken since the early 2000's, but his work tends to be more descriptive rather than explanatory. In regard to the introduction of city managers, he claims that this reform marginalized mayors by diminishing their political role and by changing the balance of power between the executive and legislature.<sup>83</sup> However, no causal mechanism or process-based explanation is provided.

In a later research Moses notes again that the new federal law led to the suppression of mayors by the regional and federal authorities. According to him, this opposition was mainly caused by the fact that directly elected mayors have more legitimacy than regional governors

<sup>80</sup> See, e.g., Alexey Makarkin, "Meri: Bor'ba za Nezavisimost'" ["Mayors: the Struggle for Independence"], *Pro et Contra* (January-February 2007). John F. Young and Gary N. Wilson, "The View from Below: Local Government and Putin's Reforms", *Europe-Asia Studies* 59, no. 7 (November 2007). Sergei Ryzhenkov, "Lokal'nie Regimi i "'Vertikal' Vlasti'" ["Local Regimes and Power 'Vertical'"], *Neprikosnovennyi zapas* [Untouchable Stock] 2, no. 70 (2010), accessed April 18, 2015, <http://magazines.russ.ru/nz/2010/2/ry6.html>. Vladimir Gel'man and Sergei Ryzhenkov, "Lokal'nie Regimi, Gorodskoe Upravlenie i 'Vertikal' Vlasti" v Sovremennoi Rossii" ["Local Regimes, City Governance and the 'Power Vertical' in Contemporary Russia"], *Europe-Asia Studies* 63, no. 3 (May 2011).

<sup>81</sup> See, e.g., Alexander Kynev, "Munitsipal'nie Vibori po Novim Pravilam" ["Municipal Elections under the New Rules"], *Pro et Contra* (January-February 2007).

<sup>82</sup> Alexander Kynev, "Munitsipal'nie Vibori po Novim Pravilam" ["Municipal Elections under the New Rules"], *Pro et Contra* (January-February 2007).

<sup>83</sup> Joel C. Moses, "Russian Local Politics in the Putin-Medvedev Era", *Europe-Asia Studies* 62, no. 9 (November 2010): 1434.

appointed by the President. Moses concludes that this reform gradually enhances political uncertainty due to the increasing number of citizens' protests against the abolition of the direct mayoral elections and also reduces the effectiveness of the cities' management.<sup>84</sup>

We could see that federal and regional authorities act in the framework of strengthening of authoritarian rule, and the adoption of the federal law of 2003 on local self-government fit well in it. Contrary to the abolishment of the direct elections of the governors in all regions, direct mayoral elections were not abolished and city managers were not introduced in all regional capitals. In this regard, it is interesting why the institutional reform at the local level was not conducted in all regions. However, the existing empirical researches do not provide theoretically grounded explanations based on the analysis of the empirical data. Consequently, my research will be one of the few inquiries aimed at finding the underlying causal factors of city managers' appointments in some cities and their lack in others. Thus, we will be able to make predictions about the future development not only of local self-government in particular, but of the Russian political system in general.

Section 1.1 helped to outline the main factors that could cause the Russian story of a reverse back to authoritarianism after a short period of democratization described in section 1.3. Section 1.2 highlighted the main causal mechanisms of the negative influence of resource abundance on democratization and democratic consolidation. However, the main limitation of literature revisited in this section, except for Gervasoni's study, is that they focus on cross-national analyses and do not pay attention at the regional and local dynamics at the subnational level. It is here where I justify the need for such kind of a study which, e.g., tests the relationship between the levels of regions' subsidy dependence and democracy.

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<sup>84</sup> Joel C. Moses, "Russian Mayors Embattled", *Russian Analytical Digest*, no. 139 (November 2013): 12; 14.

Section 1.3 was devoted to the in-depth consideration of the reforms undertaken by the Russian federal center that led to the suppression of the regional and local democracy. This allowed to locate the institutional reform of the local executives in the broader framework of Russian federal politics and to formulate the research question: what are the underlying causal factors for the introduction of city managers in some regional capitals in 2003-2011, and of their non-introduction in others. The discussion also outlined some hypotheses that could be tested in an attempt to find out what factors might explain the introduction of city managers in some regional capitals, but not others. These hypotheses are the following:

1) The less economically developed regional capitals (regions) were, the more likely was the introduction of city managers; (the introduction of city managers was more likely in regions with greater subsidy dependence).

2) The less loyal to the federal center regional capitals (regions) were, the more likely was the introduction of city managers.

3) The less fragmented the political space of the regional capitals (regions) was, the more likely was the introduction of city managers

4) The appointment of a new governor, the election of a new mayor or of new regional or local legislatures in the same year or in one year prior to the introduction of city managers could be the reason of this reform.

The next chapter outlines the main provisions of the federal law on local self-government in regard to the institution of city managers and the relationships between regional and local authorities on this issue.

## 2. The federal law “On General Principles of Local Self-Government in the Russian Federation”

Now we should consider the main points of the federal law N-131 “On general principles of local self-government in the Russian Federation”<sup>85</sup> in regard to the topic of this research. It is important to outline them in order to analyze the consequences of its implementation for local self-government in the broader framework of Russian politics.

In the process of this law’s adoption there was one interesting point. Before the discussion of this law in the State Duma’s Committee on Local Self-Government, the members of the “United Russia” (UR) party were included in it. Their votes helped pass the law because the second major party in terms of seats, the Communist Party (CPRF), voted “against” it.<sup>86</sup> The law was approved by the Federation Council on the 24<sup>th</sup> September 2003.<sup>87</sup>

There were several purposes of the new law<sup>88</sup>, but I focus on the new institutional design of the local executive and on the regional authorities’ rights in regard to local self-government. The law distinguishes three types of municipalities: “poselenie”<sup>89</sup>; “municipal rayon”<sup>90</sup>; and “city okrug”<sup>91</sup>. This division is important because these different municipalities’ types have different rights and responsibilities, thus, different amounts of autonomy. The right to define the new borders and to decide on the status of a municipality, as well as to initiate

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<sup>85</sup> Federal’ny Zakon N-131 “Ob Obshchih Printsipah Organizatsii Mestnogo Samoupravleniya v Rossiiskoy Federatsii” [Federal law «On General Principles of Local Self-Government in the Russian Federation»], *Consultant Plus*, accessed May 23, 2015, <http://www.consultant.ru/popular/selfgovernment/>.

<sup>86</sup> Marina Liborakina, *Problemi i Perspektivi Mestnogo Samoupravleniya: Nezavisimaya Ekspertiza Reformi* [Problems and Perspectives of Local Self-Government: Independent Expertise of the Reform] (Moscow: Fund “Liberal Mission”, Fund “Institute for Urban Economics”, 2003), 58.

<sup>87</sup> Ibid, 59.

<sup>88</sup> Ibid, 6.

<sup>89</sup> “Urban/rural settlements”, small cities and villages where at the lowest level local self-government can be carried out. Federal’ny Zakon N-131 “Ob Obshchih Printsipah...” ..., art. 2, s. 1.

<sup>90</sup> “Municipal district” which incorporates several settlements (independent municipalities), and has a two-tier local self-government. Ibid.

<sup>91</sup> “City district” which are usually the biggest cities that are not included in the “municipal districts” and have one-tier local self-government. Ibid.

this reform, belongs to the regional authorities.<sup>92</sup> However, the criteria for such decisions are poorly described.<sup>93</sup> Thus, these rights can be used by the regions and by the federal center as a lever of pressure on cities' authorities because "city okrug" has more duties and autonomy than other municipalities. For instance, "city okrug" has the right to control public order through the local police.<sup>94</sup>

Now I proceed to the law's provisions about the city managers in particular and the relationships between the regional and local authorities in regard to the organization of the cities' executives in general. The new law proposes three ways of organizing cities' executive branch:

- 1) a mayor elected by people who leads the local administration;
- 2) a mayor elected by people who becomes the chairman of the local legislature and a city-manager hired by the local legislature under a fixed-term contract (his term usually coincides with the term of a local legislature but should not be less than two years and more than five years) who leads the local administration. The procedure of city manager's appointment is described below;

- 3) a mayor appointed by the local legislature from its deputies who becomes the chairman of the local legislature and a city-manager (as in the point 2) above).<sup>95</sup>

According to the first model, a mayor, the "head of the municipality"<sup>96</sup>, leads the local administration with full executive powers. The second and the third models assume a split of the executive power into two parts. A city manager becomes the top executive in local administration while the mayor becomes the chairman of the local legislature, endowed only with representational powers.

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<sup>92</sup> Ibid, art. 10, s. 2; art. 13, s. 2.

<sup>93</sup> Ibid, art. 11, s. 2.

<sup>94</sup> Ibid, art. 16, s. 9.

<sup>95</sup> Ibid, art. 36, s. 2.

<sup>96</sup> Ibid, art. 36, s. 1.

The contract of the city manager is signed by the mayor, but he cannot influence the recruitment process. 2/3 of the members of the competition commission which selects the candidate for the city manager's position are appointed by the local legislature and 1/3 – by the regional legislature at the proposal of the regional governor. The conditions of the contract are defined by the local legislature, but the regional authorities can establish additional requirements to the city manager.<sup>97</sup>

City managers are accountable to the local legislature. Early termination of the contract with the city manager can be initiated by the mayor and by the local legislature, but also by the regional governor.<sup>98</sup> Moreover, the regional governor can initiate the dissolution of the local legislature and the removal of the mayor from office as well. The regional governor makes a proposal about the dissolution of the local legislature to the regional legislature if the former adopts a law which is in contradiction with the Constitution, federal and regional laws, or the city's charter.<sup>99</sup> This can be important in the framework of this paper because the decision about the organization of the local executive belongs to the local legislature.

The removal of the mayor or city manager from office requires only the legal act issued by the appointed regional governor. One possible reason for such a decision is the same as in case of the local legislature's dissolution. Another reason is more broadly defined and can be interpreted by the regional governor in his own interests. It refers to the mayor's actions or legal acts

... involving violation of the rights and freedoms of men and citizens, the threat to the unity and territorial integrity of the Russian Federation, to the national security ... and ... defense, to the unity of the legal and economic space ..., misappropriation of subsidies from the federal budget or from the budget of the Russian Federation's region ....<sup>100</sup>

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<sup>97</sup> Ibid, art. 37, s. 1-6.

<sup>98</sup> Ibid, art. 37, s. 11.

<sup>99</sup> Ibid, art. 73, s. 1.

<sup>100</sup> Ibid, art. 74, s. 1.



In short, local authorities, regardless of their structure, are at the mercy of regional authorities: they can be dissolved with reference to fuzzy and interpretable legal guidelines. This means that the power relationship at the regional level leans in favor of the regional authorities, especially the federally appointed regional governors.

The federal law changes the relationship between the local and the regional authorities. While it came into force at the 1<sup>st</sup> January 2006,<sup>101</sup> some of its provisions needed preliminary steps and were undertaken earlier. Particularly, the regional authorities had to define the borders and statuses of their municipalities until the 1<sup>st</sup> February 2005. If the status was not identified, all “urban settlements” automatically received the status of “city okrug”.<sup>102</sup> If the borders were not identified, it had to be done by the Government of Russia till the 31<sup>st</sup> March 2005.<sup>103</sup>

It is unclear who decides which model of the organization of the local executive to choose. Legally, all issues in this regard are defined by the local legislatures or through referendum.<sup>104</sup> However, if the local legislature decides how the power will be shared between different local authorities, then it is more likely that it will choose the way of organization of the local executive in its interests. More interesting part is who decides on these issues if the new municipality is formed or the status of the existing municipality is changed by the regional authorities.

The number of deputies, terms of their office, and the date of elections of newly formed municipalities’ local legislatures had to be established by the regional authorities.<sup>105</sup> What is more, the regional authorities took the decision of how the local legislatures of the newly formed “municipal districts” had to be formed. One possibility was the direct election of deputies. Another way implied that the local legislature would be formed by the heads of

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<sup>101</sup> Ibid, art. 83, s. 1.

<sup>102</sup> Ibid, art. 84, s. 3.

<sup>103</sup> Ibid, art. 85, s. 3.

<sup>104</sup> Ibid, art. 34, s. 3-5, 8.

<sup>105</sup> Ibid, art. 85, s. 1.

the “settlements” included in the “municipal district” and through the delegation of the deputies of their legislatures.<sup>106</sup> The second option was in contradiction with the Constitution which states that “local self-government is exercised by citizens through a referendum, elections, and other forms of direct expression of people’s will ...”.<sup>107</sup>

Finally, the regional authorities also had to establish the terms of the office and the elections’ date for the mayors of the newly formed municipalities till the 31<sup>st</sup> March 2005.<sup>108</sup> All municipalities had to change their cities’ charters and other legal acts in accordance with the federal law until the 1<sup>st</sup> July 2005.<sup>109</sup> Thus, the local authorities of the (newly formed) municipalities could adopt new cities’ charters before the final implementation of the federal law, but they came into force since the 1<sup>st</sup> January 2006.<sup>110</sup>

We can conclude that the federal law’s essence is “the form of the governance of a place, not the form of local self-government”.<sup>111</sup> Local level politics loses some of its independence and is primarily shaped by the specific powers transferred by the federal and regional authorities to the municipalities.<sup>112</sup> That is, the federal law transforms local self-government into the third, local, level of public authorities.

This part of the thesis also outlined the provisions of the law which create the power asymmetries between regional and local authorities. It is worth noting, that these provisions have unconstitutional elements. Thus, the institution of city managers should be considered as a tool of the federal center for undermining local self-government by undermining the principle of representative democracy at the local level. Elections for local government are

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<sup>106</sup> Ibid, art. 35, s. 4.

<sup>107</sup> *Konstitutsiya Rossiiskoi Federatsii* [Constitution of the Russian Federation], accessed May 23, 2015, <http://www.constitution.ru/>: art. 130, s. 2.

<sup>108</sup> Federal’ny Zakon N-131 “Ob Obshchih Printsipah...”...: art. 85, s. 1.

<sup>109</sup> Ibid, art. 85, s. 8.

<sup>110</sup> Ibid, art. 84, s. 5.

<sup>111</sup> Marina Liborakina, *Problemi i Perspektivi Mestnogo Samoupravleniya...*, 117.

<sup>112</sup> Ibid, 120.

becoming symbolic, and in practice local authorities are stripped of administrative autonomy, as their executive and legislative branches can be wiped out by regional authorities.<sup>113</sup>

Consequently, the introduction of city managers should be interpreted as (willing or less willing) compliance with the federal law. The non-introduction of this institution, in turn, should be seen as defiance not just against regional authorities, but also against the federal center, and as an expression of political resistance against a non-democratic central state which uses regional powers to control local self-government and the local exercise of democracy.

After the specification of the main provisions of the federal law of 2003 on local self-government, we proceed to the next chapter which is devoted to the research design of my analysis.

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<sup>113</sup> Vladimir Gel'man, "Ot Mestnogo Samoupravleniya k Vertikali Vlasti" [From the local self-government to the vertical structure of power], *Polit.ru*, April 16, 2007, accessed May 23, 2015, <http://polit.ru/article/2007/04/16/gelman/>.

### 3. Research design

This chapter details the research design. I identify the sample, the sources of primary data, and the choice of the data analysis method, that is, why I conduct statistical analysis using t-tests and chi-square tests instead of a different approach. I also consider the limitations of using these quantitative approaches.

#### 3.1. Sample

After 2003 the institution of city managers was introduced in many Russian cities. By 2006, the new post appeared in more than four thousand cities and by 2009 – in more than nine thousand cities.<sup>114</sup> As of 1<sup>st</sup> January 2010, the total number of municipalities in Russia was 23.907.<sup>115</sup> Thus, the political market at the local level was altered in close to half of the cities by changing the balance of power within the executive, while the institutional configuration prior to the reform was preserved in the others.

Due to the overall number of municipalities, it is difficult to consider all of them in regard to the model of executive power's organization. Thus, I decided to form a sample of 79 regional capitals. In 2003 there were 89 regions in Russia, which declined to 83 by 2007 as a result of administrative reorganization.<sup>116</sup> Thus, I include in the sample the later number of regional capitals (for the corresponding regions) except for Moscow and Saint Petersburg because these are federal cities, that is subunits, and except for Moscow oblast' and Leningrad oblast' because these regions do not have official capitals.

My preliminary analysis of the regional capitals' charters in regard to the institutional structures of their executives shows that in 48 of them city managers were appointed, while in the remaining 31 they did not appear. Moreover, in those cities where the institution of city

<sup>114</sup> Michael Zakharov, "Neeffektivie Menedgeri" ["Inefficient Managers"], *Polit.ru*, July 22, 2011, accessed May 25, 2015, [http://polit.ru/article/2011/07/22/city\\_manager/](http://polit.ru/article/2011/07/22/city_manager/).

<sup>115</sup> Baza Dannih Pokazateley Munitsipal'nih Obrazovaniy [Database of the Indicators of Municipalities], *Federal State Statistics Service*, accessed May 25, 2015, <http://www.gks.ru/dbscripts/munst/>.

<sup>116</sup> Alexander Kynev, "Uproshchenie Prostranstva" ["Simplification of the Space"], *Gazeta.ru*, January 28, 2010, accessed May 25, 2015, [http://www.gazeta.ru/comments/2010/01/28\\_x\\_3317483.shtml](http://www.gazeta.ru/comments/2010/01/28_x_3317483.shtml).

managers was introduced we can distinguish two waves of appointments: 2005-2006 and 2009-2011. Thereby, it is decided to test the hypotheses on the basis of two samples.

The first sample of 79 regional capitals (regions) is described above. The second sample consists of 61 regional capitals (regions) and excludes the regional capitals where the institutional reform was conducted in the first wave, in 2005-2006. In the second wave of appointments, in 2009-2011, city managers were appointed in 30 cities and were not in the remaining 31 cities. Thus, there are 18 municipalities that appointed city managers in 2005-2006 and 30 municipalities that did it in 2009-2011.

The reasons for the formation of the sample of the regional capitals are the following. On the one hand, they are the most strategically important cities for both the federal and regional authorities, not least because the main political and economic life of the Russian regions takes place in their capitals. In this regard, the institutional changes relating to local self-government play a more crucial role in the regional capitals than in the other cities. On the other hand, the specifics of the research field in Russia is that the official statistics is usually aggregated for the regional level and provides only a few indicators for the particular municipalities. Thereby, there is an opportunity to collect all necessary political and economic data only for the big cities, namely regional capitals.

I consider that for the type of analysis, which is aimed at the finding the underlying causal factors of (non) conducting the institutional reform at the local level, the sample of the regional capitals is more appropriate than, e.g., the random sample of cities. This is so also because the other cities in the regions could appoint city managers merely in concert after the regional capitals conducted the reform. However, this assumption needs a distinct analysis.

### **3.2. Variables**

The dependent variable is a dummy and shows the presence (1) or absence (0) of the institution of city managers in the regional capitals. Although the hypotheses are described

and tested in the next section, I provide a list of the independent variables here for greater clarity:

**1. Regions' economic development:**

- 1) GDP per capita<sup>117</sup>;
- 2) Regions' consolidated budgets<sup>118</sup>;
- 3) Regions' direct revenues<sup>119</sup>.

**2. Regions' subsidy dependence:**

- 1) The amount of the federal unconditional grants to the regions<sup>120</sup>;
- 2) The share of the federal unconditional grants in the regions' direct revenues<sup>121</sup>.

**3. Cities' economic development:**

- 1) Cities' revenues<sup>122</sup>.

As outlined earlier, the federal law was adopted in 2003 and the first wave of the changes in the cities' charters started in 2005. In this regard, I assume that the most important role had to be played by the prior economic indicators of cities and regions. This is why for the first sample I take the values of the aforementioned indicators for 2002 and for 2004. I also use the composite index of the economic development of 2002 and 2004 measured as the average of these two values. For the second sample I take the indicators of 2008 since the second wave of institutional reform on the local level mainly started in 2009.

Prior to testing I transformed all economic variables into logged numbers because the initial indicators were not normally distributed. I also standardized all economic variables,

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<sup>117</sup> Natsional'nie Scheta [National Accounts], *Federal State Statistics Service*, accessed May 25, 2015, [http://www.gks.ru/wps/wcm/connect/rosstat\\_main/rosstat/ru/statistics/accounts/](http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/accounts/).

<sup>118</sup> Informatsiya o Ispolnenii Budgetov Sub'ektov RF i Mestnih Budgetov [Information on performance of the regions' and local budgets of the Russian Federation], *Official Website of the Russian Federal Treasury*, accessed May 25, 2015, <http://roskazna.ru/byudzheto-subektov-rf-i-mestnykh-byudzheto/>.

<sup>119</sup> Ibid.

<sup>120</sup> Ibid.

<sup>121</sup> The share of the federal unconditional grants in the regions' direct revenues was calculated by dividing the values of federal grants by the values of regions' revenues.

<sup>122</sup> Values of cities' revenues were collected on the basis of the local legislatures' records of local budgets' performance taken from the websites of the local legislatures and from the legal reference system: *Pravo.ru*, accessed May 25, 2015, <http://pravo.ru/>.

removed outliers, and conducted the t-tests again to check whether the extreme cases bias the results. However, the outcomes with and without outliers are similar, so I report only those for the logged variables for the whole samples.

#### 4. Political loyalty of the regions:

- 1) Percentage of votes cast for the “United Russia” (UR) party on the federal parliamentary elections (2003, 2007) and for its candidates on the presidential elections (Putin 2004, Medvedev 2008).<sup>123</sup>
- 2) Percentage of votes cast for the Communist party (CPRF) on the federal parliamentary elections (Kharitonov 2003, Zuganov 2007) and for its candidates on the presidential elections (2004, 2008).<sup>124</sup>
- 3) Percentage of votes cast for the “against all” on the federal parliamentary elections (2003) and on the presidential elections (2004).<sup>125</sup>
- 4) Percentage of votes cast for the “United Russia” (UR) party on the regional parliamentary elections.<sup>126</sup>

#### 5. Political loyalty of the regional capitals:

- 1) Percentage of votes cast for the “United Russia” (UR) party on the federal parliamentary elections (2003, 2007) and for its candidates on the presidential elections (2004, 2008).

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<sup>123</sup> Vibori i referendum [Elections and referendums], *Central Election Commission of the Russian Federation*, accessed May 25, 2015, <http://www.izbirkom.ru/region/izbirkom>.

<sup>124</sup> Ibid.

<sup>125</sup> Ibid.

<sup>126</sup> Alexander Kynev, *Vibori Parlamentov Rossiiskih Regionov 2003-2009: Pervii Tsikl Vnedreniya Proportsional'noi Izbiratel'noi Sistemi* [Parliamentary Elections in the Russian Regions 2003-2009: the First Cycle of the Implementation of the Proportional Electoral System] (Moscow: Center “Panorama”, 2009). Alexander Kynev, *Vibori Regional'nih Parlamento v Rossii 2009-2013: Ot Partizatsii k Personalizatsii* [Parliamentary Elections in the Russian Regions 2009-2013: from Partization to Personalization] (Moscow: Center “Panorama”, 2014).

- 2) Percentage of votes cast for the Communist party (CPRF) on the federal parliamentary elections (2003, 2007) and for its candidates on the presidential elections (2004, 2008).
- 3) Percentage of votes cast for the “against all” on the federal parliamentary elections (2003) and on the presidential elections (2004)<sup>127</sup>.

Alongside the usage of these values separately, I also create a composite index calculated as the average percentage of votes cast for the UR party and its candidates, for the CPRF and its candidates, and for “against all” on the federal election in 2003-2004 for the first sample and in 2007-2008 for the second sample. Another index measures the average percentage of votes for the UR party on the federal and regional parliamentary elections and for its candidates on the presidential elections held before 2006 for the first sample and after 2006, but before 2009, for the second sample. All these indicators except for the last index are counted both for the regions and for their capitals.

#### **6. Political fragmentation in the regions:**

- 1) Effective number of parties and candidates in the electorate on the federal parliamentary (2003, 2007) and presidential (2004, 2008) elections.
- 2) Effective number of parties in the electorate on the regional parliamentary elections.
- 3) The number of the governors changed in the period from 2003 till 2011 without acting governors.

#### **7. Political fragmentation in the regional capitals:**

- 1) Effective number of parties and candidates in the electorate on the federal parliamentary (2003, 2007) and presidential (2004, 2008) elections.

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<sup>127</sup> The results of the elections at the local level are presented not for the municipalities but for their territorial election commissions. Based on these data all the above mentioned values for the regional capitals are calculated by me using the formula: the number of valid ballots in all territorial election commissions plus the number of invalid ballots in all territorial election commissions divided by the number of votes cast for a party/a candidate in all territorial election commissions.



- 2) The number of the mayors changed in the period from 2003 till 2011 without acting mayors.

I use these values separately, namely, the values for 2003 and 2004 for the first sample and for 2007, 2008 for the second sample. I also create the composite index calculated as the average effective number of parties in electorate on the federal and regional parliamentary elections held before 2006 for the first sample and after 2006, but before 2009, for the second sample. All these indicators except for the last composite index are counted both for the regions and for their capitals. The electoral statistics data for calculating of these indexes is taken from the same sources as for the points 4-5 above.

All “effective number” indicators are calculated using Golosov’s formula. There is one main reason, why it was decided to take this formula instead of the well-known one proposed by Laakso and Taagepera.<sup>128</sup> Golosov states that their formula does not account for the situation when there is one dominant party in the party system of a state.

Григорий Голосов (Golosov, Grigori V. (2010) 'The Effective Number of Parties: A New Approach', *Party Politics* 16: 171-92)

$$N_p = \sum_1^x \frac{S_i}{S_i + S_1^2 - S_i^2}$$

$N_p$  is the effective number of parties or candidates;  $S_1$  is the share of votes obtained by the biggest party (by the dominant candidate);  $S_i$  is the share of votes obtained by other parties (candidates).<sup>129</sup> In my opinion, Golosov’s formula is more appropriate for the calculations of the effective number of parties and candidates in Russia where there is one obvious dominant UR party. Their candidates have great advantage on the presidential elections as well.

<sup>128</sup> Markku Laakso and Rein Taagepera, “‘Effective’ Number of Parties: A Measure with Application on West Europe”, *Comparative Political Studies*, no. 12 (1979).

<sup>129</sup> Grigori Golosov, “The Effective Number of Parties: A New Approach”, *Party Politics*, no. 16 (2010).

The number of the governors changed in the 2003-2011 period without acting governors can also reflect the level of regional political fragmentation. I assume that if there is only one governor in office during this whole time period, it implies that he managed to consolidate power and the regional elite around his own political figure. The same reason is applied to the usage of the variable dealing with the number of the mayors changed in 2003-2011 without acting mayors. The latter variable is also a good proxy of the level of local political fragmentation because, due to the absence of electoral statistics for local parliamentary elections, the effective numbers of parties in the electorate on those elections are not calculated. Both these variables are categorical.

**8. “Signal events”:**

- 1) The change (or reappointment) of a governor in the same year or in one year before the introduction of city managers;
- 2) The change of a mayor in the same year or in one year before the introduction of city managers;
- 3) The elections to a regional legislature in the same year or in one year before the introduction of city managers;
- 4) The elections to a local legislature in the same year or in one year before the introduction of city managers.

All these variables are dummies: 1 (presence of the change (elections)) and 0 (absence of the change (elections)). The explanation of why I use these variables is provided in the empirical analysis section below. Since the reference point of the assignment of “1” and “0” for these variables is the introduction of the institution of city managers, in the analysis I use the third sample of 48 regional capitals with city managers.

### 3.3. Methods

I decide to apply statistical analysis because my research question asks about the underlying causal factors of the institutional reform at the local level, a very much unstudied phenomenon so far. Thus, it is necessary to use a big sample rather than case studies in order to see whether there might be patterns in terms of structural, objective factors that could have an impact on the decision whether to introduce city managers. My dependent variable is a dummy, thus I cannot conduct regression analysis. I could apply logistic regression if the number of cases in my sample were more than 200.<sup>130</sup> However, my sample includes 79 cases and it could affect the results' significance.

Thereby, the independent samples t-test is a good alternative. My sample includes two types of the regional capitals (regions), with and without city manager, and the t-test allows for evaluating whether the difference in means of the independent variable's values between these two groups in the sample is statistically significant. The null hypothesis states that there is no difference between the two groups in terms of some indicator. The alternative hypothesis claims that the difference exists. If it is confirmed, this means that the independent variable has an effect on the dependent variable and "connects" regional capitals (regions) within their groups. This implies that the regional capitals (regions) are not randomly assigned, but there is a pattern in their distribution to one or another group (with or without city managers), that is, the variability of cases within one group is quite low and they do not overlap with the cases from the other group.<sup>131</sup> Although I assume the particular direction of the relationships between independent and dependent variables in all hypotheses, I run two-tailed t-tests because they provide stricter results.

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<sup>130</sup> Fred C. Pampel, *Logistic Regression: A Primer* (CA: Sage University Pages Series on Quantitative Applications in the Social Sciences, 2000), v.

<sup>131</sup> Frederick J. Gravetter and Larry B. Wallnau, "The t Test for Two Independent Samples" in *Essentials of Statistics for the Behavioral Sciences*, 6<sup>th</sup> ed. (Cengage Learning, 2008).

The t-test is usually applied when the independent variable is continuous, but some of my independent variables are categorical. Thus, I conduct chi-square tests to see the relationship between two categorical variables (dependent and independent). The null hypothesis claims that the sample is divided consistently in regard to an independent variable, while the alternative hypothesis states that it is not. Thereby, the chi-square test checks the relationship/proportions that exist within the regional capitals (regions) in terms of some independent variables. Comparing the expectations about these proportions with the observations, the chi-square tests enable us to see whether the established proportions are significant enough to conclude that there is a structural difference between the two groups of the regional capitals (regions) based on the factors of interest.<sup>132</sup>

Another alternative might be running correlations. However, I consider that the t-test is more appropriate because correlation shows the relationship between two different variables but I would like to look at the relationship between two groups of the regional capitals (regions) within the same variable. The chi-square test, in turn, tests the relationship between two categorical variables while correlation checks the relation between two continuous. All calculations are made with R software for statistical computing and graphics.

### 3.4. Limitations of the chosen statistical methods

T-tests evaluate the significance of the difference of means and, as a result, give us a general understanding of a situation, instead of a story of causality. They tell us that there is a consistent difference between two groups of cases in terms of a particular variable, e.g. economic development. Thus, it gives a clue that variation in the mean of an independent variable across two groups might mean that this variable stands for a potential cause for such variation. It does not tell us how this variable influences the variation of interest, not how much it influences it. However, its results can be used to make a decision whether and where

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<sup>132</sup> Frederick J. Gravetter and Larry B. Wallnau, "The Chi-Square Statistic: Tests for Goodness of Fit and Independence" in *Essentials of Statistics for the Behavioral Sciences*, 6<sup>th</sup> ed. (Cengage Learning, 2008).

to look further to seek a causal explanation. Moreover, a statistically significant difference in means does not necessarily mean a substantive difference as the means can be interpreted as more similar than dissimilar. Consequently, it induces to look not only at the p-value, but also at the actual values of the means before making any conclusions. We will see such examples in the empirical analysis chapter below.

Chi-square tests have the same problem as the t-tests: the significance of the statistical analysis does not automatically imply the substantive difference of the actual values. The chi-square test shows whether there is a non-random relationship between, e.g., the institutional reform at the local level and a “signal event”, but it does not measure the strength of this relation. Secondly, there is a general rule that the expected frequencies of a variable should be more than five in the majority of cells in the contingency table.<sup>133</sup> In my research this rule is followed almost in all conducted analyses. Finally, chi-square test is highly affected by the sample size. If the number of cases is low, it is less likely that the analysis identifies significant results.<sup>134</sup> For some chi-square tests my sample includes 79 cases, for the others – 48, thus, both samples have quite big number of observations.

After the detailed description of the research design, we proceed to the empirical analysis.

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<sup>133</sup> Ibid, 494.

<sup>134</sup> Ibid, 479.

## 4. Empirical analysis

This chapter is devoted to the empirical analysis. The research question that is going to be answered is what are the underlying causal factors of the introduction of city managers in some regional capitals in 2003-2011, and of their non-introduction in the others? In an attempt to answer this question, several hypotheses are tested. In general, they can be distinguished into two broad assumptions, that these causal factors had economic nature or that they were political. Each of the following parts is dedicated to testing one of the four hypotheses.

### 4.1. City managers guard economic development

The official justification of the adoption of the federal law according to which local executive power can be split into two (mayor and city managers) is that city managers can help to improve cities' economic management. They are not politicians but professionals, so they do not, e.g., run for office and do not conduct economic reforms that might be popular, but ineffective.<sup>135</sup> In this regard, it is the level of economic development of the regional capitals (regions) that should have been taken into consideration by the federal, regional, and local authorities whether to introduce city managers.

Thus, the first hypothesis states that the less economically developed regional capitals (regions) were, the more likely was the introduction of city managers. The results of the statistical analysis for the regions' indicators for the first sample are presented in the Table 1, for the second sample – in the Table 2.

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<sup>135</sup> See, e.g., "Po Golosam ne Plachut" ["They do not cry about the votes"], *Kommersant Vlast*, March 14, 2005, accessed May 15, 2015, <http://www.kommersant.ru/doc/554041>.

Table 1. The level of regions' economic development and the introduction of the institution of  
city managers (first sample)

Variable	Mean (no city manager)	Mean (city manager)	p-value
<b>GDP per capita 2002<sup>136</sup></b>	10.83352	10.54095	<b>0.017990161</b>
<b>GDP per capita 2004</b>	11.29026	10.96340	<b>0.008173309</b>
<b>GDP per capita average (2002, 2004)</b>	11.09038	10.77562	<b>0.010386803</b>
<b>Consolidated budget 2002</b>	16.47456	16.42431	0.7687271
<b>Consolidated budget 2004</b>	16.87422	16.81125	0.7241196
<b>Consolidated budget average (2002, 2004)</b>	16.65858	16.64092	0.9193650
<b>Direct revenues 2002</b>	15.85426	15.83981	0.9307647
<b>Direct revenues 2004</b>	16.26809	16.24510	0.8948476
<b>Direct revenues average (2002, 2004)</b>	16.08938	16.06811	0.8997875

Welch two samples, two-sided test. Significance at the 0.05 level.

Table 2. The level of regions' economic development and the introduction of the institution of  
city managers (second sample)

Variable	Mean (no city manager)	Mean (city manager)	p-value
<b>GDP per capita 2008</b>	12.109719	11.781861	<b>0.009487956</b>
<b>Consolidated budget 2008</b>	17.512720	17.674742	0.561077196
<b>Direct revenues 2008</b>	17.348772	17.334662	0.941376672

Welch two samples, two-sided test. Significance at the 0.05 level.

As we can see, the only statistically significant variable is GDP per capita. In order to understand how big the actual difference in GDP per capita between the two groups of the

<sup>136</sup> GDP per capita variables for both samples have some missing data.

regions (with or without city managers in their capitals) is, I transformed their means back into rubles using exponential function. The results are presented in the Table 3.

Table 3. Means of the “GPD per capita” variable for the two groups of regions (in rubles)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>
<b>GDP per capita 2002</b>	50691.83	37833.49
<b>GDP per capita 2004</b>	80038.26	57722.37
<b>GDP per capita average (2002, 2004)</b>	65537.65	47840.12
<b>GDP per capita 2008</b>	181628.6	130857.1

The difference between the two regions’ groups expressed in rubles is big. In 2002 this difference was about 13000 rubles and then continues to grow. This implies that in general the relative economic performance of the regions in those capitals where city managers did not appear was better, thus, these regions were more economically developed. This is in accordance with the official position of the authorities outlined above.

However, this conclusion is not supported by the other indicators of the regions’ economic development: by the consolidated budgets’ and direct revenues’ data. Thus, I decided to run correlations between the logged GDP per capita and the other logged economic indicators based on the first sample for the values of 2002 and 2004 and on the second sample for the values of 2008. This can help to see whether they reflect more or less the same. The results are presented in the Table 4.



Table 4. Correlation table for the regions' economic indicators

Variable	GDP per capita 2002	GDP per capita 2004	GDP per capita 2008
<b>Consolidated budget 2002</b>	0.4091 (0.0002)		
<b>Consolidated budget 2004</b>		0.536 (0.0000)	
<b>Consolidated budget 2008</b>			0.227 (0.0838)
<b>Direct revenues 2002</b>	0.3878 (0.0005)		
<b>Direct revenues 2004</b>		0.5031 (0.0000)	
<b>Direct revenues 2008</b>			0.3334 (0.0099)

Two-sided. Significance at the 0.05 level.

All correlation values except for GDP per capita and consolidated budget of 2008 are statistically significant. The economic indicators of 2002 and 2008 provide quite weak correlations. Correlations of the indicators of 2004 are sizable. Thus, GDP per capita shows something different than regions' consolidated budgets and direct revenues. GDP differs in a sense that it measures the productivity and activity of the economic actors in a given territory. Thereby, it can also express the regions' standard of living, while consolidated budgets and direct revenues are mainly composed from the taxes and federal grants.

In this case, we can assume that city managers were appointed in the regional capitals where the economic actors (firms and citizens) were more economically active. This can imply that people are also more politically active and can protest against the violation of their right to elect mayors. This explanation deals more with people than with the objective regions' economic indicators. Thereby, in the further analysis it is possible to check the presence/absence of citizens' protests and their strength in regard to the authorities' intention to undertake institutional reform.

The results of the analysis for the variables expressing cities' revenues are presented in the Table 5 for the first sample and in the Table 6 for the second sample.

Table 5. The level of cities' economic development and the introduction of the institution of city managers (first sample)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>	<b>p-value</b>
<b>Cities' revenues 2002<sup>137</sup></b>	14.48768	14.53513	0.8404634
<b>Cities' revenues 2004</b>	14.83629	14.79597	0.8692018
<b>Cities' revenues average (2002, 2004)</b>	14.68571	14.64160	0.8394688

Welch two samples, two-sided test. Significance at the 0.05 level.

Table 6. The level of cities' economic development and the introduction of the institution of city managers (second sample)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>	<b>p-value</b>
<b>Cities' revenues 2008</b>	15.634909	15.548556	0.743260494

Welch two samples, two-sided test. Significance at the 0.05 level.

No variable provides statistically significant results. This means that in terms of cities' revenues the cities where the split of executive power occurred did not differ to a great extent from those where a mayor preserved the total power. Thereby, city managers appeared in the more as well as in the less economically developed regional capitals.

Another part of the economic hypothesis is the assumption proposed by Gervasoni described in the literature review. He claims that the so-called fiscal federalism rent, that is, the federal grants transferred to the regions, contribute to the development of the authoritarian rentier regimes there.<sup>138</sup> In my opinion, this statement links the general economic hypothesis

<sup>137</sup> Cities' revenues variables for both samples have some missing data.

<sup>138</sup> Carlos Gervasoni, "Fiscal Federalism as a Source of Rents: Subnational Rentier States and Democracy in Argentina" (paper presented at the Annual Meeting of the American Political Science Association, Toronto, Canada, September 3 – 6, 2009): 14, 17.

(the less developed, the more likely it is that regional centers will appoint city managers) with the “loyalty hypothesis”. On the one hand, the higher amounts of federal transfers should be received by the poorer regions. On the other hand, in authoritarian states the higher amounts of the federal transfers can be used to “buy loyalty” of the regional authorities, meaning that transfers will be high where political dissent is highest.

This raises the question of two forms of loyalty. One of them is loyalty as compliance and implies that the regional and local authorities do whatever the federal center wants them to do. In my opinion, “economic loyalty” bought by the federal grants reflects this type of loyalty. Another form is loyalty as forced compliance. Here I mean that the regional/local authorities can be disloyal in general, but the federal center forces them to be loyal through different institutional reforms, e.g., through the abolishment of the direct elections of the regional governors or through the institution of city managers. The latter form of loyalty is described in more detail in section 4.2 below.

Coming back to subsidy dependence, I assume that the higher regions’ subsidy dependence leads to the higher level of regions’ loyalty to the federal center. Thereby, the introduction of city managers is more likely in regions with greater subsidy dependence. The results of the statistical analysis are presented in the Table 7 for the first sample and in the Table 8 for the second sample.

Table 7. The level of regions' subsidy dependence and the introduction of the institution of  
city managers (first sample)

Variable	Mean (no city manager)	Mean (city manager)	p-value
<b>Federal transfers 2002</b>	14.80724	14.87913	0.7052665
<b>Federal transfers 2004</b>	14.64415	14.76066	0.6117178
<b>Federal transfers average (2002, 2004)</b>	14.75993	14.84106	0.6755133
<b>Share of federal transfers in direct revenues 2002</b>	-1.044616	-0.9633154	0.6319265
<b>Share of federal transfers in direct revenues 2004</b>	-1.627632	-1.4804555	0.5526864
<b>Share of federal transfers in direct revenues average (2002, 2004)</b>	-1.265543	-1.1583358	0.5639491

Welch two samples, two-sided test. Significance at the 0.05 level.

Table 8. The level of regions' subsidy dependence and the introduction of the institution of  
city managers (second sample)

Variable	Mean (no city manager)	Mean (city manager)	p-value
<b>Federal transfers 2008</b>	16.120257	16.145005	0.904494820
<b>Share of federal transfers in direct revenues 2008</b>	-1.226228	-1.103666	0.421507204

Welch two samples, two-sided test. Significance at the 0.05 level.

Neither the actual amount of the federal unconditional grants to the regions nor their share in the regions' direct revenues are statistically significant. Thus, we can say that there was no systematic difference between the regions that appointed and that did not appoint city managers along this variable, namely federal subsidy dependence.

To sum up, it would seem that the economic hypothesis is confirmed partially only. None of the variables expressing regions' and cities' levels of economic development except for GDP per capita are statistically significant. This implies that the objective economic performance was most likely not taken into consideration by the authorities when the decision whether to conduct the institutional reform was made. Thus, the official position of the authorities is not supported by the empirical evidence. However, the level of regional economic actors' activity could influence the decision about the institutional reform. I assume that the causal link was "more economically active – more politically active". This allows me to make an assumption that it is more likely that it was politics, not economics, that mattered for the decision whether to appoint city managers and I proceed to the political hypotheses.

#### **4.2. City managers ensure political loyalty**

The idea that the reasons of the institutional reform at the local level are political is mainly articulated by the expert community. Many Russian political scientists, particularly Golosov, Gel'man, and Kynev as well as Western experts, e.g., Moses, consider the institution of city managers as the political project of the federal/regional authorities. With their help, it became possible for the "uncontrolled mayors to be integrated in the vertical system of power".<sup>139</sup> Gel'man calls this process "bureaucratic rationalization" and "governmentalization" of local self-government. From his point of view, "the law was designed to ensure control over the municipalities, and their role as elected and accountable to people institutions of local democracy was recognized as the secondary".<sup>140</sup>

This brings us back to the idea of forced compliance. My assumption is that the less loyal to the federal center regional capitals (regions) were, the more likely was the introduction of city managers. In the literature review I mentioned the research conducted by

<sup>139</sup> Michael Zakharov, "Neeffektivie Menedgeri" ["Inefficient Managers"], *Polit.ru*, July 22, 2011, accessed May 15, 2015, [http://polit.ru/article/2011/07/22/city\\_manager/](http://polit.ru/article/2011/07/22/city_manager/).

<sup>140</sup> Vladimir Gel'man, "Ot Mestnogo Samoupravleniya k Vertikali Vlasti" [From the local self-government to the vertical structure of power], *Polit.ru*, April 16, 2007, accessed May 15, 2015, <http://polit.ru/article/2007/04/16/gelman/>.

Golosov where he claims that the Russian political structure is characterized by the regional governors' almost unconstrained power on their territories. In exchange the federal center demands loyalty expressed in high percentages of votes for the ruling "United Russia" (UR) party and its candidates in the elections.<sup>141</sup>

Moreover, as it was stated above, in 2004-2012 gubernatorial elections were abolished and were replaced with governors' confirmation in a post by the regional legislatures at the proposal of the President. Thus, governors could be expected to be loyal to the federal authorities and to support their initiatives. Local authorities, in turn, especially directly elected mayors, could be disloyal and we could expect them to not want to comply. This is why the federal/regional authorities may have wanted to conduct the institutional reform, allowing them to undermine elected mayors' potential disloyalty through the appointment of potentially loyal city managers.

On the one hand, the level of loyalty can be operationalized as the percentage of votes received by the UR party and its candidates at elections. On the other hand, the level of disloyalty can be expressed through the percentage of votes cast for the CPRF which is considered to be the main oppositional party or through the percentage of votes for "against all". These variables are described in detail in the research design section. The regional results are presented in the Table 9 for the first sample and in the Table 10 for the second sample.

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<sup>141</sup> Grigorii Golosov, "The Regional Roots of Electoral Authoritarianism in Russia", *Europe-Asia Studies* 63, no. 4 (June 2011): 33.

Table 9. The level of regions' loyalty and the introduction of the institution of city managers  
(first sample)

Variable	Mean (no city manager)	Mean (city manager)	p-value
UR 2003	36.64065	40.53646	0.1151625
CPRF 2003	13.205806	12.384792	0.38163702
Against all 2003	4.730968	4.353750	0.22371278
Putin 2004	70.038387	72.717292	0.18532096
Kharitonov 2004	14.061613	14.358750	0.81954726
Against all 2004	3.537419	2.874167	<b>0.02056782</b>
UR + Putin 2003-2004	53.341935	56.629375	0.12346899
CPRF + Kharitonov 2003-2004	13.635806	13.373958	0.80360182
Against all 2003-2004	4.137742	3.618125	0.06238539
UR + Putin + regional parliamentary UR before 2006	49.27355	52.94292	0.1080433

Welch two samples, two-sided test. Significance at the 0.05 level.

Table 10. The level of regions' loyalty and the introduction of the institution of city managers  
(second sample)

Variable	Mean (no city manager)	Mean (city manager)	p-value
UR 2007	62.313548	65.966667	0.1771760
CPRF 2007	11.614839	10.869000	0.4593128
Medvedev 2008	67.661935	68.950667	0.5183772
Zuganov 2008	18.610645	18.524000	0.9509399
UR + Medvedev 2007-2008	64.989677	67.461333	0.2794146
CPRF + Zuganov 2007-2008	15.116129	14.699000	0.7205008
UR + Medvedev + regional parliamentary UR after 2006 - before 2009	62.924194	64.887667	0.3933613

Welch two samples, two-sided test. Significance at the 0.05 level.

The only statistically significant variable is the percentage of votes obtained by “against all” on the presidential election of 2004. This means that in the group of regions whose capitals lacked city managers the protest voting was higher than in the second group. From a statistical point of view, the regions which conducted institutional reform were relatively more loyal. However, the difference in the share of votes is insubstantial at less than one percent. Thus, on the regional level the “(dis)loyalty” hypothesis is not confirmed by the empirical data. The results of the analysis at the local level are presented in the Table 11 for the first sample and in the Table 12 for the second sample.

Table 11. The level of cities’ loyalty and the introduction of the institution of city managers  
(first sample)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>	<b>p-value</b>
<b>UR 2003</b>	32.303226	34.665417	0.2955776
<b>CPRF 2003</b>	13.319677	12.079167	0.2263554
<b>Against all 2003</b>	5.691935	5.447917	0.5499523
<b>Putin 2004</b>	67.841290	70.301458	0.2030176
<b>Kharitonov 2004</b>	12.584194	12.726042	0.8957699
<b>Against all 2004</b>	4.468065	3.976875	0.1480519
<b>UR + Putin average 2003-2004</b>	50.074839	52.406250	0.2448419
<b>CPRF + Kharitonov 2003-2004</b>	13.766774	12.405000	0.2925255
<b>Against all 2003-2004</b>	5.082258	4.714792	0.2733855

Welch two samples, two-sided test. Significance at the 0.05 level.



Table 12. The level of cities' loyalty and the introduction of the institution of city managers  
(second sample)

Variable	Mean (no city manager)	Mean (city manager)	p-value
<b>UR 2007</b>	56.540968	60.330667	0.2107153
<b>CPRF 2007</b>	13.391935	12.839333	0.6691305
<b>Medvedev 2008</b>	65.582258	66.685667	0.6522565
<b>Zuganov 2008</b>	20.109677	20.128333	0.9915375
<b>UR + Medvedev 2007-2008</b>	60.474839	62.790667	0.4285771
<b>CPRF + Zuganov 2007-2008</b>	16.753226	17.148333	0.8127483

Welch two samples, two-sided test. Significance at the 0.05 level.

The results for the regional capitals are not statistically significant as well. This means that the level of (dis)loyalty in the regional capitals where the institutional reform was implemented and where it was not was approximately the same. Thereby, this political hypothesis is not confirmed with the empirical data. Consequently, we can conclude that neither the level of regions' nor regional capitals' (dis)loyalty prior to the institutional reform at the local level was a factor in the process of the (non) introduction of city managers.

### 4.3. City managers shrink political space

The third hypothesis deals with the level of political fragmentation in the regions and their capitals. It was shown in the literature review that the main goal of the authorities is to ensure a high percentage of votes for the UR party and its candidates. For example, Golosov claims that the shrinkage of political space allowed the federal authorities to decrease the power of regional governors. The reduction of the number of parties and candidates running for office increased the percentage of votes obtained by the UR party and its candidates.<sup>142</sup>

<sup>142</sup> Grigorii Golosov, "Elektoral'niy Avtoritarizm v Rossii" ["Electoral Authoritarianism in Russia"], *Pro et Contra* (January-February 2008).

Thus, the diminution of political competition allowed the federal center to control the governors. It also decreased the fragmentation in the regional parliaments and in the State Duma, making it easier to adopt laws which are in the interest of the federal center.

Thus, the hypothesis states that the less fragmented the political space of the regional capitals (regions) was, the more likely was the introduction of city managers. Here we have the loyalty-compliance argument again. Little fragmentation means stronger control of the UR party, therefore the chances of legislative compliance become higher. The results for the statistical analysis for the regions' indicators are presented in the Table 13 for the first sample and in the Table 14 for the second sample.

Table 13. The level of regions' political fragmentation and the introduction of the institution of city managers (first sample)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>	<b>p-value</b>
<b>Eff N of parties 2003</b>	4.226774	3.905000	0.21398284
<b>Eff N of candidates 2004</b>	1.519355	1.463542	0.22779975
<b>Eff N of parties federal + regional average before 2006</b>	4.142581	3.744792	0.1277187

Welch two samples, two-sided test. Significance at the 0.05 level.

Table 14. The level of regions' political fragmentation and the introduction of the institution of city managers (second sample)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>	<b>p-value</b>
<b>Eff N of parties 2007</b>	1.822581	1.718333	0.1825101
<b>Eff N of candidates 2008</b>	1.554839	1.522333	0.4438224
<b>Eff N of parties federal + regional average after 2006- before 2009</b>	1.920645	1.836000	0.3751675

Welch two samples, two-sided test. Significance at the 0.05 level.

Neither variable provides statistically significant results. This implies that the level of political fragmentation during the federal and regional elections was relatively the same in both groups of the regions. The results of the analysis for the cities' data are presented in the Table 15 for the first sample and in the Table 16 for the second sample.

Table 15. The level of cities' political fragmentation and the introduction of the institution of city managers (first sample)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>	<b>p-value</b>
<b>Eff N of parties 2003</b>	5.078065	4.778542	0.3240494
<b>Eff N of candidates 2004</b>	1.617742	1.549167	0.1693880

Welch two samples, two-sided test. Significance at the 0.05 level.

Table 16. The level of cities' political fragmentation and the introduction of the institution of city managers (second sample)

<b>Variable</b>	<b>Mean (no city manager)</b>	<b>Mean (city manager)</b>	<b>p-value</b>
<b>Eff N of parties 2007</b>	2.133548	1.983333	0.1993569
<b>Eff N of candidates 2008</b>	1.613871	1.592000	0.6970222

Welch two samples, two-sided test. Significance at the 0.05 level.

Again, neither “effective number” variable at the local level is statistically significant. This means that there was no significant difference between regional capitals with and without city managers in terms of these indicators. Thus, the regional capitals were mainly randomly assigned to the groups. The results of “the number of governors’ in power” variable are presented in the Table 17 only for the whole first sample.

Table 17. The number of governors in power (2003-2011) and the introduction of the institution of city managers (first sample)

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>Row Total</b>
<b>No city manager</b>	10	16	3	2	31
<b>Row %</b>	32.258%	51.613%	9.677%	6.452%	39.241%
<b>City manager</b>	9	31	7	1	48
<b>Row %</b>	18.750%	64.583%	14.583%	2.083%	60.759%

<b>Test statistic</b>	<b>Chi-square</b>	<b>DF</b>	<b>p-value</b>
	3.266	3	0.352

Chi-squared test. Significance at the 0.05 level.

The majority of regions where the institutional reform was not conducted changed one (ten out of 31) or two (16 out of 31) governors. A similar situation is observed in the other group: there were two governors' changes in 31 out of 48 regions and one change in nine out of 48 regions. However, seven out of these 48 regions changed three governors while only three regions in the first group did the same. Nevertheless, the results of this test are not statistically significant. The results of the statistical analysis for "the number of the mayors' change" variable for the whole first sample are presented in the Table 18.

Table 18. The number of mayors in power (2003-2011) and the introduction of the institution of city managers (first sample)

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Row Total</b>
<b>No city manager</b>	14	12	5	0	0	0	31
<b>Row %</b>	45.161%	38.710%	16.129%	0%	0%	0%	39.241%
<b>City manager</b>	5	24	14	3	1	1	48
<b>Row %</b>	10.417%	50%	29.167%	6.250%	2.083%	2.083%	60.759%
<b>Test statistic</b>	<b>Chi-square</b>		<b>DF</b>		<b>p-value</b>		
	14.541		5		<b>0.013</b>		

Chi-squared test. Significance at the 0.05 level.

Contrary to the previous variable, this one is statistically significant. In general, the regional capitals with city managers changed more mayors in 2003-2011 than the regional capitals where the mayors preserved power during this period. Particularly, the majority of the cities without city managers changed one (14 out of 31) or two (12 out of 31) mayors and five out of 31 cities changed three mayors. In the second group two mayors were changed in the half of the cities (24 out of 48) and 14 cities changed three mayors. Unlike the first group, there were some cities in the second group where four, five, and six mayors were changed.

Thus, we can say that the regional capitals without city managers are more “stable”, with fewer mayors’ changes. Low volatility might imply that the mayor is a politically strong figure and resists the conduction of the institutional reform which is not in his interest. However, this can be a consequence, not the reason, of the institutional reform at the local level. High political volatility can mean that the mayors are easily dismissed, perhaps signaling the power of regional authorities, which – as we have seen, have substantial power over cities’ self-government. Or, the split of the local executive into two parts can increase political instability and the conflicts between its two representatives. This, in turn, can lead to the higher frequency of the changes of the mayors and/or of the city managers.

To sum up, the level of political fragmentation on the regional and local levels did not affect the probability that city managers would be appointed. The effective number of parties and candidates in the electorate on the various elections were approximately the same in the regional capitals (regions) where the institutional reform was conducted and where it was not. “The number of mayors’ changes” variable is the only statistically significant indicator. However, the influence of this variable on the (non) introduction of the institution of city managers requires further examination.

#### 4.4. The role of the “signal events”

Due to power asymmetries created by the federal law, there are four main political actors who could play a role in the process of institutional reform: the regional governor and the regional legislature, the mayor and the local legislature. My assumption is that the appointment of a new governor, the election of a new mayor or of new regional or local legislatures in the same year or in one year prior to the introduction of city managers could be the reason of this reform. These could be moments when the “window of political opportunities” opened and political actors could alter the rules of the political game. What is more, the presence of such signal events can explain the timing of the institutional reform at the local level – two waves of city managers’ appointments.

I would like to start with the “governor’s change” because, in my opinion, this is the key political actor who was more likely to initiate the institutional reform. Kynev, talking about this institutional reform, notes that it was aimed at forming a vertical system of power. He pays special attention to the fact that

new governors-appointees, who have never won the direct gubernatorial elections, were particularly active in their desire to promote the abolition of the direct elections of mayors and could instinctively perceive the presence of any significant political figures who have the legitimacy directly derived from the elections as a threat to their influence.<sup>143</sup>

The results of the statistical analysis for the “governor’s change” variable are presented in the Table 19.

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<sup>143</sup> Alexander Kynev, “Bezmernaya vlast” [“Power without mayors”], *Gazeta.ru*, September 9, 2010, accessed May 16, 2015, [http://www.gazeta.ru/comments/2010/09/09\\_x\\_3417653.shtml](http://www.gazeta.ru/comments/2010/09/09_x_3417653.shtml).

Table 19. Regional governor's change (in the same year / one year prior to the reform) and the introduction of the institution of city managers (third sample)

	<b>No change</b>	<b>Change</b>	<b>Row Total</b>
<b>City manager</b>	20	28	48
<b>Row %</b>	41.667%	58.333%	100%

<b>Test statistic</b>	<b>Chi-square</b>	<b>DF</b>	<b>p-value</b>
	1.333	1	0.248

Chi-squared test. Significance at the 0.05 level.

This variable is not statistically significant. The appointments of new governors (reappointments of the incumbent) were comparable with continued incumbencies of the regional executive' heads. Thus, my assumption that it was a condition of the federal authorities to the potential governor to conduct the institutional reform at the local level is not confirmed by the empirical data. For example, this "mandate" to suppress local self-government could be the reaction of the federal center to the uncertainty that the regions would be able to provide the necessary percentage of votes to the UR party or its candidates on the upcoming elections.

The change of the regional parliament's composition could also have an impact on the likelihood of the institutional reform, e.g., due to the powers outlined above that regional legislatures have in regard to the local authorities. The results of the statistical analysis are presented in the Table 20.

Table 20. Regional legislature's change (in the same year / one year prior to the reform) and the introduction of the institution of city managers (third sample)

	<b>No change</b>	<b>Change</b>	<b>Row Total</b>
<b>City manager Row %</b>	34 70.833%	14 29.167%	48 100%

<b>Test statistic</b>	<b>Chi-square</b>	<b>DF</b>	<b>p-value</b>
	8.333	1	<b>0.004</b>

Chi-squared test. Significance at the 0.05 level.

This variable is statistically significant. However, contrary to my initial expectation, the majority of regions in the capitals where city managers appeared (34 out of 48) did not experience the regional parliamentary elections in the same year or one year prior to the institutional reform. It would seem that the regional legislatures had to be consolidated before they could exercise pressure on the local authorities to conduct the institutional reform. City managers were introduced where there was no change in regional legislatures because they were already UR dominated, hence loyal, and therefore, compliant. The results of “the change of a mayor” variable’s testing are presented in the Table 21.

Table 21. Mayor's change (in the same year / one year prior to the reform) and the introduction of the institution of city managers (third sample)

	<b>No change</b>	<b>Change</b>	<b>Row Total</b>
<b>City manager<sup>144</sup> Row %</b>	27 60%	18 40%	48 100%

<b>Test statistic</b>	<b>Chi-square</b>	<b>DF</b>	<b>p-value</b>
	1.8	1	0.18

Chi-squared test. Significance at the 0.05 level.

<sup>144</sup> Mayor's change variable has some missing data.



Although we see that in the majority of the regional capitals (27 out of 48) there were no mayoral elections in the same year or one year prior to the appointment of city managers, this variable is not statistically significant. My assumption that the win of UR party's challengers in mayoral elections would lead to the appointments of city managers is not confirmed. It could also be possible that even the win of the UR party's candidate in the mayoral elections would be continued with the institutional reform to ensure that an oppositional candidate will not win the next mayoral elections.

Finally, I test the influence of the change of the local legislature's composition on the outcome of the institutional reform since de jure it is local legislature that makes the decision about the (non) conduction of the institutional reform. The results of the statistical analysis are presented in the Table 22.

Table 22. Local legislature's change (in the same year / one year prior to the reform) and the introduction of the institution of city managers (third sample)

	<b>No change</b>	<b>Change</b>	<b>Row Total</b>
<b>City manager</b>	20	28	48
<b>Row %</b>	41.667%	58.333%	100%

<b>Test statistic</b>	<b>Chi-square</b>	<b>DF</b>	<b>p-value</b>
	1.333	1	0.248

Chi-squared test. Significance at the 0.05 level.

This variable is not statistically significant. The numbers of the regional capitals where the parliamentary elections were held (28 out of 48) and where they were not (20 out of 48) are almost equal. Thus, there was no structural difference between the two groups of regional capitals based on this independent variable. Thus, the incidence of elections for local legislatures cannot explain the incidence of the institutional reform in the regional capitals.

Consequently, the so-called “signal events” do not seem to be related to the introduction of city managers. The change of the regional governor did not explain the suppression of local self-government. It was also found that the changes of the main political actors on the local level did not influence the chances of the institutional reform either. Only the “regional legislature’s change” variable provides statistically significant results. It tells us that city managers were consistently appointed in the regions that did not organize parliamentary elections prior to this institutional reform. This allows us to hypothesize that the regional legislatures were already UR-dominated, consolidated, and loyal, and were the most equipped to influence local authorities’ decisions.

To sum up the empirical analysis, not all hypotheses are confirmed: at best hypotheses are partially confirmed through the analysis of empirical data. The obtained statistical results let us hypothesize that city managers were appointed in the regions where there was a strong, consolidated incumbent regional legislature at the time of legislative implementation that could influence the local authorities in its interests. At the same time, the regional capitals with city managers were more politically volatile than those without city managers in terms of the number of mayors in power in 2003-2011. Higher frequency of the mayors’ change could mean that they were more easily dismissed or that the split of local executives caused political instability. Finally, the statistical significance of the GPD per capita variable gives a clue to look at the citizens’ protest activity in further analysis. The importance of the negative findings is described in the conclusion section below.

## Conclusion

This study was aimed at answering what the underlying causal factors are for the introduction of city managers in some Russian regional capitals in 2003-2011, and of their non-introduction in the others. I conducted the analysis to find out whether there are any systematic, structural, and objective economic factors that might explain the introduction of city managers in one group of the regional capitals and the preservation of the old way of organization of the local executives in the other. No hypothesis is fully confirmed by the empirical data.

The official reform's explanation that city managers help to improve the economic performance of cities does not seem to be supported. According to this position, the institution of city managers should have appeared in the less economically developed cities (regions). GDP per capita is associated with statistically significant results, but I suppose that it deals more with the economic and political activity of people rather than with objective indicators of the regions' economic development. Regions' subsidy dependence on federal grants does not provide statistically significant results. It was assumed that such economic dependence should increase loyalty, that is, compliance with the new legislation, and, as a result, regional authorities should act in accordance with the federal center and put pressure on the local authorities to undertake institutional reform. However, this explanation does not seem to be supported by the statistical analysis run either.

The "political hypotheses" derived from the theory and empirical literature are not confirmed either. It seems that the initial levels of regions' and cities' (dis)loyalty to the federal center and regional/local political fragmentation were not relevant for the federal, regional, and local authorities in the process of deciding whether to split the local executive into two or not. These indicators had similar values for the groups of the regional capitals

(regions) where institutional reform was conducted and where it was not. The only statistically significant results are provided by the “number of mayors in power (2003-2001)” variable. On average, regional capitals with city managers had more mayors’ changes than capitals without this position. As noted in the analysis section above, this could be a useful starting point for future research. This relationship needs further examination because it is not clear whether this higher frequency in mayors’ replacement is the cause or consequence of the city managers’ introduction.

Finally, the so-called “signal events” did not have the expected impact on the incidence of the institutional reform either. The changes of a regional governor, changes in local legislature’s composition, and of the mayor do not provide statistically significant results. Such changes were equally likely in the two groups of regional capitals, both with and without city managers. Elections for regional legislatures in the same year or one year prior to the introduction of city managers provide statistically significant results. The majority of the regions which ended up with city managers did not experience elections for the regional legislatures in the same year or during the year prior to hiring city managers. This means that my assumption about the “window of political opportunities” which is opened in times of elections, allowing authorities to change the rules of political game, is not fully confirmed. However, it allows saying that the introduction of city managers “required” consolidated and compliant regional legislatures.

The negative findings of the analysis are important and useful results. They enable one to conclude that there were no objective economic reasons for the institutional reform at the local level, as theory and the discourse of the federal government might have led one to believe. Thus, in the absence of clear economic indicators, it is some underlying political causal factors that seem much more likely to have been at the heart of the (non) introduction of city managers. Based on the results that are confirmed by the empirical data, we can say

that in general the regional capitals with and without city managers differ in terms of two political variables. Regional capitals with city managers had more mayors' changes in 2003-2011 and the corresponding regions had more consolidated, loyal, and, hence, presumably more compliant regional legislatures than the regions without city managers in their capitals.

Thus, we can hypothesize that regions with city managers are more politically stable at the regional level and their capitals are more politically volatile at the local level. This is why I consider that the structural changes in the local executive of the regional capitals could be determined by the particular political games between the key political actors: the regional governor and the regional legislature, the mayor and the local legislature. The political game is fought among them, with variations depending on their political strength and party color.

I believe that in further analyses it is necessary to focus on the relationship between the regional governor and the mayor. The political games could have different scenarios in the different regions, depending on their political allegiances and alliances. These scenarios could be determined by such factors as the political power of a governor and of a mayor, the political power and level of consolidation of the regional and local political elites, the role of the business elite, etc. Thus, the issue of the (non) introduction of city managers in the Russian cities requires further and deeper investigation, but with a clear focus on politics rather than economic considerations.

The study has some limitations. Firstly, I test my hypotheses on the sample of 79 regional capitals (regions). Nevertheless, I realize that a random sample of cities would be more appropriate for the conduction of a statistical analysis because it is one of the key assumptions of many statistical tests and diminishes the chance to obtain biased results.

Secondly, the conduction of the t-test and chi-square test has their limitations as it was stated above. Applying them we cannot assess the strength of the relationship between the dependent and independent variables. We can see only if there is a systematic and structural

difference between the regional capitals (regions) with and without city managers or between the regional capitals (regions) with city managers in regard to the “signal events”. Thereby, the underlying causal mechanisms of the variables’ relationships remain hidden and we should be careful in making inferences and drawing conclusions based on the obtained results.

Thirdly, there are possible alternative explanations that are not considered in my research. One of them can deal with the geographic proximity of the regions to the federal center, that is, Moscow. The assumption can be that the closer a region (therefore, regional capital) to the Moscow is, the more likely is the introduction of city managers. The federal authorities can pay less attention to the regions’ affairs if they are far away from them and can want to have loyal and stable regions nearby.

Another explanation can be about the policy-learning effect. It implies that if there is a region in the capital of which a city manager was appointed, its neighboring regions’ capitals will more likely adopt the same system of their executive branch’s organization. Such explanation was proposed, e.g., by Huntington as one of the possible reasons of the third wave of democratization.<sup>145</sup>

In my opinion, the obtained results provide at least two possibilities for further analyses. On the one hand, this study can be improved by testing the so-called “political” hypotheses on the basis of the random sampling and, hence, by running regression analyses. On the other hand, case studies can be an appropriate method to be used to analyze the regional-local relationship’s features and dynamics and to derive theory to test on larger samples of municipalities.

Connecting this study with the present political situation in Russia, we can see the inability of the federal and regional authorities to impose city managers in all cities led to further changes of the 2003 federal law. On 20<sup>th</sup> May 2014 two important amendments were

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<sup>145</sup> Samuel Phillips Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman and London: University of Oklahoma Press, 1991), 46.

adopted. One of them transferred the right to decide on the way of organization of the local authorities to the regional authorities.<sup>146</sup> The other amendment establishes that  $\frac{1}{2}$  of the members of the competition commission which selects the candidate for the city manager's position are appointed by the local legislature and the other  $\frac{1}{2}$  – by the regional governor.<sup>147</sup> Thus, the power asymmetry between the regional and local authorities has become even more in favor of the former. Thus, in my opinion, we should expect soon new amendments which will make the abolishment of the direct mayoral elections and the appointment of city managers mandatory for all cities.

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<sup>146</sup> Federal'ny Zakon N-131 "Ob Obshchih Printsipah..." ...: art. 34, s. 3.

<sup>147</sup> Ibid: art. 37, s. 5.

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