

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/299553130>

The politics of federal transfers in Putin's Russia: regional competition, lobbying, and federal priorities

Article in *Post-Soviet Affairs* · March 2016

DOI: 10.1080/1060586X.2016.1163826

CITATIONS

4

READS

198

2 authors:



[Gulnaz Sharafutdinova](#)

King's College London

35 PUBLICATIONS 183 CITATIONS

[SEE PROFILE](#)



[Rostislav Turovsky](#)

National Research University Higher School ...

9 PUBLICATIONS 49 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Making Sense of Russia: The Soviet Legacy and Putin's Leadership [View project](#)




The politics of federal transfers in Putin's Russia: regional competition, lobbying, and federal priorities

Gulnaz Sharafutdinova & Rostislav Turovsky


To cite this article: Gulnaz Sharafutdinova & Rostislav Turovsky (2016): The politics of federal transfers in Putin's Russia: regional competition, lobbying, and federal priorities, Post-Soviet Affairs, DOI: [10.1080/1060586X.2016.1163826](https://doi.org/10.1080/1060586X.2016.1163826)



To link to this article: <http://dx.doi.org/10.1080/1060586X.2016.1163826>

 View supplementary material 

 Published online: 31 Mar 2016.

 Submit your article to this journal 

 Article views: 84

 View related articles 

 View Crossmark data 

The politics of federal transfers in Putin's Russia: regional competition, lobbying, and federal priorities

Gulnaz Sharafutdinova^a and Rostislav Turovsky^b

^aKing's Russia Institute, King's College, London, UK; ^bLaboratory for Regional Political Studies, National Research University Higher School of Economics, Moscow, Russia

ABSTRACT

Most studies of intergovernmental financial flows in the Russian Federation focus on the federal center's decision-making in determining the direction of these flows. Anecdotal evidence, however, suggests that regional governments employ a variety of tools and strategies to compete over federal transfers. This study uses data on federal transfers during 2002–2012 to examine the factors associated with the politically sensitive share of such transfers occurring in this period. The key findings highlight the importance of administrative capacity and the value of attracting attention from, as well as cultivating relations with, federal officials for shaping decision-making on the distribution of federal transfers. We discuss some specific strategies used by more successful regional governments in attracting additional federal funds.

ARTICLE HISTORY

Received 2 December 2015
Accepted 11 February 2016


KEYWORDS

Federal transfers;
intergovernmental financial
flows; Russian federation;
administrative capacity;
patronage; lobbying

As the massive federal program for developing Chechnya ended in 2012, Ramzan Kadyrov, the head of the Chechen Republic, faced a difficult challenge in finding new sources of revenue. In his search for new funds, Kadyrov embarked upon a new strategy: emulating Tatarstan, a republic widely acknowledged for its success in attracting federal subsidies and federal support for regional projects. In August 2013, the Chechen government established working groups within each ministry to travel to the Republic of Tatarstan to study the republican experience in attracting investments and federal transfers from Moscow.¹ This practice has become fairly common, as according to Tatarstan's officials, other regional delegations visit Kazan' with similar aims almost weekly.² Officials from other regions are eager to learn how to best compete for federal funds and, apparently, believe that there are distinct mechanisms associated with success in this process.

This paper examines the mechanisms available to regions to influence federal policy over transfers. With some exceptions (i.e. Starodubtsev 2009a; Jarocińska 2010; Vartapetov 2010, 2011; Yakovlev, Marques, and Nazrullaeva 2011), most studies of Russia's fiscal federalism are focused on the 1990s (Treisman 1996; Zhuravskaya 2000; Popov 2004; Desai, Freinkman, and Goldberg 2005; Martinez-Vazquez 2007). Several important changes occurred during the 2000s in Russia. Most notably, the 2000s were a period of economic growth and expansion, allowing us to assess how the Kremlin used the new windfalls associated with rising energy prices, what developmental vision it attempted to implement through distributive politics, and how the availability of these new funds shaped the strategies and actions of regional governments operating in the more politically and fiscally centralized

CONTACT Gulnaz Sharafutdinova  gulnaz.sharafutdinova@kcl.ac.uk

 Supplementary material for this article is available via the supplementary tab on the article's online page at <http://dx.doi.org/10.1080/1060586X.2016.1163826>.

environment of the 2000s. The few studies that do explore Russia's fiscal policies during the 2000s focus predominantly on the policies and their outcomes from the perspective of the federal center. For example, Yakovlev, Marques, and Nazrullaeva (2011) explored the federal center's decision-making logic, arguing that resource allocation trends could reveal the regime's threat perceptions. Vartapetov (2010, 2011) analyzed the federal center's spending in the regions in response to the 2008 financial crisis and the equalization impact of federal transfers. These studies view the federal center as the central decision-maker and the regional governments as the passive "takers" of federal fiscal decisions. Viewing intergovernmental flow through the frame of the central government fits well with the mainstream view about the effects of political, administrative, and fiscal centralization undertaken by the federal government in the early 2000s (e.g. see Sakwa 2008, 266–283). We argue, however, that it ignores the importance of regional agency in the process of determining the federal decision-making outcomes in this sphere, and needs to be complemented by the exploration of ways regional governments can work to "stack the deck" in their favor on the issue of federal transfers. With this in mind, below we look at the flows of more politically sensitive or discretionary funds into the regions, trying to determine the extent of regional agency in this process.

The centrality of the federal center in distributive issues, such as those concerning intergovernmental financial flows, has been an assumption shared by many studies of fiscal federalism around the world. In a commonly used model of "administrative federalism," regional or local governments are conceived largely as agencies that respond to central directives (Inman 2003). Looking at Putin-era federalism in Russia through a hierarchical, principal-agent model of relationships indeed appears more relevant than through non-hierarchical models that emphasize mutual dependence, partnership, or bargaining (Agranoff and McGuire 2001). Yet the hierarchical principle characterizing principal-agent models sometimes is subverted by the agency exercised by the lower ranking units in the hierarchy (Hedge, Scicchitano, and Metz 1991). Stripping the subnational units of any agency appears unwarranted in Russia's case as well (Thiessen 2006, 213). Regional governors were important political and economic players in the 1990s. They have remained important players in the twenty-first century, despite federal centralization efforts; but the ways their regional agency is exercised have changed.

The hierarchical model overemphasizes the central actors' control, while underemphasizing proactive and opportunistic strategies available to subnational actors. This bias is arguably relevant in the case of Russia, where experts have noted, if anecdotally, that in the context of growing federal spending programs regional elites, with different degrees of influence on the federal center, found themselves competing over federal funds and transfers (Vartapetov 2010, 475; Sharafutdinova 2013). Such competition played out, for instance, through a contest among numerous regional projects – whether historical, cultural, social, or athletic – designed and promoted by regional governments seeking to bring additional federal funds into their regions. In some cases (i.e. in aforementioned Tatarstan), massive financial inflows resulted from mega-projects such as the 2013 Youth Olympics in Kazan'. The project was initiated by the regional elites and the federal center co-financed it, contributing over \$2 billion for the construction of new roads, athletic centers, courts, pools, and accommodation (Sharafutdinova 2013).

To study factors associated with these financial flows, we rely on a combination of statistical analysis based on a federal transfers data-set for 2002–2012 as well as more anecdotal, case-specific examples to support our interpretations. The key findings from this analysis throw into sharp relief the important role of regional governments in the process of determining the flows of federal transfers. As the amount of federal transfers grew during the 2000s, regional governments developed various lobbying strategies and mechanisms for attracting transfers. Acquiring direct access to federal officials in charge of "doling out" funds by organizing their visits to the regions (whether to showcase regional projects in progress or to share ideas about new ones, while underscoring the need for federal support), developing regional projects as part of broader federal strategic initiatives, organizing anniversaries and celebrations of important historical dates and events – all of these strategies became part of the toolkit used by regional governments to attract federal funds to their regions. The analysis also revealed that regional governments with greater administrative capacity tended to win in the competition for funding, reflecting the demanding bureaucratic process underpinning the intergovernmental budgetary flows.

In short, there is more to federal transfers than the center's policies and actions. Regional agency needs to be taken into account when studying the politics of resource distribution in Russia. Exploring the conditions and the expressions of such agency can arguably add further nuance to our understanding of inter-elite relationships in the context of political centralization in the 2000s and reveal the extent to which the decisions in the federal center might be circumscribed by regional elites' political and economic actions.³ This study is motivated by the opportunity to advance further our understanding of factors shaping public (and arguably related to that, private) financial flows in Russia during the 2000s and the changing dynamics of center–regional elite interaction in the authoritarian regime constructed by Vladimir Putin. The remainder of the paper is composed of six sections. The first provides a general overview of Russia's inter-budgetary transfers during Putin's and Medvedev's presidencies (their composition and dynamics), the second focuses on hypothesis development, and the third deals with operationalization, data, and methodology issues. A fourth presents the results of statistical analysis. The penultimate section discusses the results along with additional case-based examples, and is followed by the conclusion.

Russia's inter-budgetary transfers under Putin and Medvedev

The system of federal transfers in Russia is notoriously tricky, burdensome, partly non-transparent, and changing. Even when transfers are calculated "objectively" based on pre-specified criteria and formulae, as in the case of grants intended to equalize regional budgets and maintain certain standards in public goods provision in the regions, experts highlight problems in the way they are calculated and the incentive structure they create for regional elites (Kuznetsova 2006). The larger share of federal transfers is calculated more "subjectively." They follow federal government priorities and depend, arguably, on regional governments' lobbying and administrative capacities.

The first variety, *equalization grants*, consists of unconditional transfers designed to reduce the gaps in fiscal capacity among regions. Such gaps could run as high as 48 times (in 2009) or more (World Bank 2011). In many regions, equalization grants constitute big portions of their budgets and serve as the key source of ensuring basic social guarantees. These grants are calculated according to a fiscal equalization formula based on assessment of regional expenditure needs on a per capita basis. These needs are assessed using objective criteria and statistical data, so the regional governments have practically no means of affecting federal decision-making on these grants. The second variety is conditional transfers that are earmarked for specific projects. They are subdivided into *subventions* that are used to finance the functions delegated by the federal government to the regions, and are co-financed from regional budgets; and *subsidies* used to finance the regional authorities' functions. Finally, there are *fiscal balancing grants* that aim to cover the budget deficits of regional governments. The conditional transfers, including the fiscal balancing grants, are all subject to regional lobbying.

The structure of inter-budgetary transfers is complicated also by the fact that there are various ministries and special government agencies that manage spending. According to the World Bank (2011), 22 key units in the government make decisions on 87 subsidies/subventions. Such a fragmented structure of transfers makes it more difficult for the federal government to formulate policy priorities and invites competitive bidding on the part of regional governments. In these decisions, regional competition plays an important role, and regional governments can prepare – logistically and bureaucratically – to take advantage of various federal programs or even lobby the central government to introduce specific subsidies and projects.

As the state treasury expanded during the 2000s following rising oil prices, the inter-budgetary system has evolved, and the amount of federal transfers has increased significantly (see Figure 1). Therefore, even though tax revenues were reassigned away from the regions in the early 2000s, with the federal government share of overall tax revenue reaching 60% (compared to 42.5% in 1997), the volume of financial flows into the regions also increased dramatically (Martinez-Vazquez 2007, 240).

Much of this new spending was targeted. Over the course of the 2000s, the Russian government had adopted a number of federal target projects (*federal'nye tselevye programmy*), some of which were territorial in nature and focused on socioeconomic development of specific regions. These programs reflected the government's priorities and understanding of Russia's most problematic and/or

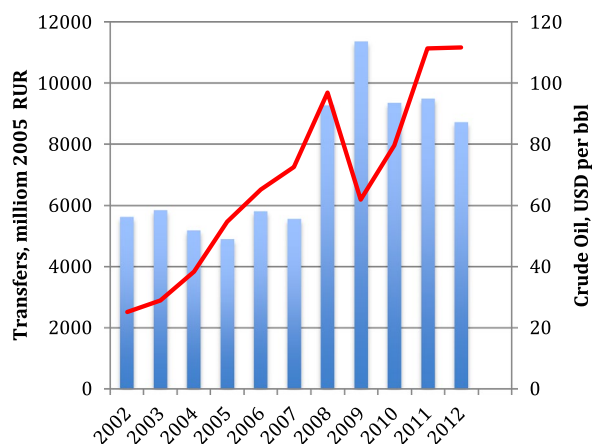


Figure 1. Inter-governmental transfers in Russia (million rubles, adjusted for inflation). Source: US Energy Information Administration; Ministry of Finance of the Russian Federation.

geopolitically significant territories. These territories include Kaliningrad, southern Russia including the North Caucasus, and the Far East. Federal attention already was focused on all three of these territories in the 1990s, although the reasons for such attention were different in each case. Kaliningrad, encircled by the EU countries and lacking a border with Russia, was considered a crucial logistical bridge to European markets. The North Caucasus – with Chechnya, Dagestan, Ingushetia, and other republics – was subject to close federal scrutiny since the 1990s, due to ethnic and religious complexity, socioeconomic problems, and growing violence and disorder. Russia's Far East, an enormous, sparsely populated territory, remote from Moscow and bordering rapidly growing China, was another area of geopolitical weakness. The Russian government saw the need to protect this region from “excessive expansion by bordering states” as well as border claims from the neighboring countries (see Grove 2012).⁴

In the south of Russia, there were six programs in the national republics and five programs in other regions of the South and North Caucasus federal districts. Among these, the program on Chechnya, understandably, stands out in terms of its longevity and size.⁵ But, neighboring Ingushetia – the poorest region in Russia – also received its separate program for 2010–2016. The southern regions of Russia benefitted handsomely from the resources invested in the Sochi Olympics, another special “pet project” of the federal government, in the several years prior to 2014. The political significance of this region was additionally reflected in the creation of, in 2014, the Ministry on the North Caucasus. As for Kaliningrad, the region has enjoyed special financing since 1997, with the most recent program prolonged until 2020.

The politics of financing geopolitically problematic and more backward areas through federal target programs is still in place. The federal target program on the development of Crimea and Sevastopol', adopted in 2014, is the most recent example of such policies.

Clearly, significant volumes of federal transfers are distributed based on federal priorities as expressed through targeted regional programs. Federal decision-making on some issues and some regions demonstrates surprising continuities, highlighting the politically sensitive nature of many of the federal transfers. Noteworthy in this regard are two earlier, five-year regional programs for the Republics of Tatarstan and Bashkortostan, adopted in 2001 and 2002 and aimed at easing the integration of these two republics into the unified budgetary system of Russia and compensating them for the loss of their earlier tax privileges. Budgetary centralization and political integration in the early 2000s and the integration of new federal subjects in 2014 have involved a significant federal financial commitment, reflected in the development of special regional development programs.

Nonetheless, a large share of federal transfers is distributed according to a different logic. Previous attempts to rationalize and improve the system of transfers in the early 2000s have apparently given way to a less institutionalized and more idiosyncratic decision-making process characterized by the

increasing share of ad hoc subsidies in the structure of transfers, and a decreasing share of equalization grants that, over the 2000s, fell from over 40% to around one quarter of the composition of federal transfers (Figure 2). The share of subsidies, on the other hand, increased dramatically, reaching almost 40% in 2007 (Figure 3). So did their variety and idiosyncratic nature, as region-specific or single purpose-specific subsidies proliferated. Consider, for instance: a special subsidy for reconstructing a road in Khakassia, or to buy school buses produced in Russia; a special subsidy for teachers and for buying breeding stock; a subsidy to reconstruct historical sites of Sviyazhsk and Bulgar (in Tatarstan); and many others. Furthermore, a subsidy for balancing regional budgets introduced in the mid-2000s increased particularly rapidly during the financial crisis and, by 2009, grew to about half the size of equalization grants. It was maintained at about one-third that amount in subsequent years. So how are these subsidies and transfers determined? Which factors shape regional success in obtaining them?

Who wins in the quest for transfers?

The proliferation of various discretionary subsidies opens space for regional elites to lobby the federal government. The increasing amount of less transparent decisions regarding federal transfers in the 2000s poses a challenge for scholars to explore the decision-making rationale behind changing financial

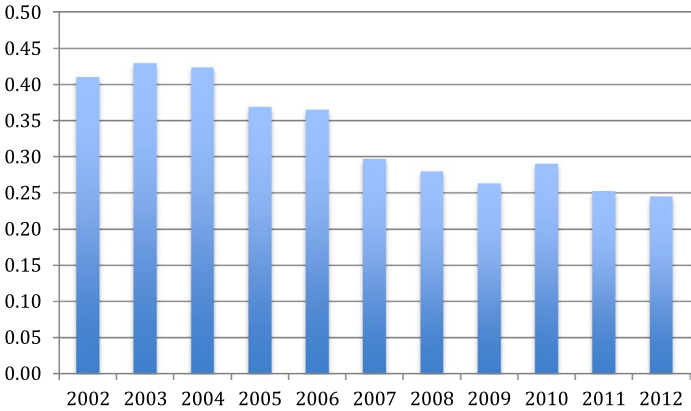


Figure 2. Equalization grants as a share of total transfers (in percent). Source: Ministry of Finance of the Russian Federation.

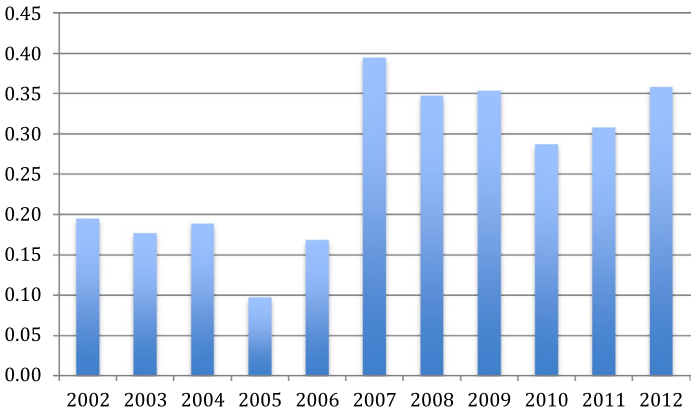


Figure 3. Subsidies as a share of total transfers (in percent). Source: Ministry of Finance of the Russian Federation.

flows in Russia and the reasons for some regions faring better than others in the competition for federal resources. This section explores the three hypotheses tested in this study.

Hypothesis 1: patronage, informal networks, and gubernatorial lobbying

Regional governors are shrewd political actors in their own right and, rather than viewing them as mere “transmission belts” that channel and implement federal directives in their localities, it seems important to recognize their agency and initiative in navigating and making the best of the opportunities related to the expanding federal pie in the 2000s. Some of them have governed their regions for a long time and have developed networks of support and allies in Moscow; others have come from Moscow’s federal agencies, having already developed such networks. Those with experience and support networks are, arguably, better positioned to lobby the federal government for a bigger piece of that pie. Given the increasing amount of discretionary transfers in the 2000s, it seems plausible to suggest that governors with the best lobbying skills (and most extensive informal networks established) will be most successful in bringing federal money to their regions. Hence, a hypothesis could be posited that *the amount of federal transfers a region gets depends on the lobbying capacity of the regional governor*.

Hypothesis 2: administrative capacity

The conditional federal transfers, such as subsidies, are usually associated with high bureaucratic costs. The regional authorities need to be able to monitor the ongoing policy developments in Moscow and have the administrative capacity to gather all needed documentation, data, and other information that might be required for a region to apply for a specific type of a subsidy. As part of its historical legacy, contemporary Russia has an elaborate bureaucracy and infamous “red tape” that is applicable to intergovernmental relations as well. At the anecdotal level, some regional officials have admitted that such capacity does matter.⁶ Experts have also factored in bureaucratic capacity in their analysis of successful lobbyists.⁷ Therefore, it seems plausible to suggest that regions with greater administrative capacity – with a sufficient number of bureaucrats and collaboration between the regional and local authorities – are more successful in getting the federal money. Hence, our second hypothesis is that *the amount of federal transfers a region gets depends on the degree of administrative capacity of the region*.

Hypothesis 3: “signing bonus” or support for newly appointed governors

Between 2005 and 2012, the Kremlin essentially appointed regional governors that used to be elected before 2005. When compared to the electoral mechanism of gubernatorial succession, the appointment mechanism arguably placed more responsibility on the federal government and, particularly, on the president himself, potentially perceived as being responsible directly for the officials he appointed in the regions. One plausible consequence of this increased burden on the president is that the Kremlin would invest more in supporting the newly appointed governors with additional funds sent to the regions, providing something like a “signing bonus.” Hence, we formulate the hypothesis that the amount of discretionary federal transfers will increase in those regions that underwent a political transition from one governor to another. This hypothesis should be easily testable by looking at trends in federal transfers to the region in the few years after a new governor is appointed there.

Operationalization, data, and methodology

Our analysis is based on panel data for Russia’s regions for the period 2002–2012.⁸ The data on federal transfers used in this study are from the Ministry of Finance and the Russian Federal Treasury. We created a special measure of “politically sensitive” transfers as a proportion of the total revenues of the regional budget (PST) – our dependent variable – by calculating the share of transfers that excludes the

equalization grants and subventions calculated using relatively objective criteria. This measure allows us to focus on the share of transfers that is not automatic and that potentially depends on regional agency.

Our first explanatory variable is concerned with the *lobbying capacities of regional governors*. Our first interviews with public officials in Tatarstan⁹ – a region that has been extremely successful in obtaining federal transfers – informed us that hosting federal officials in the region is one of the more important techniques utilized by the republican government. Federal officials are invited to join celebrations, to showcase successful regional projects, and to participate in official meetings and other events and holidays. Relationships with federal officials are cultivated systematically over a period of time – in Moscow, in the regions, and even during foreign visits, when republican officials join the Russian delegation. Anecdotal evidence obtained from other regions (as discussed below) also supports the idea that visits by federal officials could be used as one of the proxy measures of gubernatorial lobbying capacity. Specifically, to create our measure we focused on visits that involved the president; prime minister; deputy prime ministers; and ministers and their deputies in finance, agriculture, labor, health, education, culture, energy, natural resources, economic development, industry and trade, communication, transport, and regional development. These ministries have been involved directly in decisions concerning subsidies. We did not include visits by the ministers of defense, internal affairs, and foreign affairs because these officials are usually not involved in distributing transfers. This database was constructed using the data on regional visits of the president and the prime minister from their official websites; and visits by ministers and their deputies using *news.yandex.ru* searches (this was crosschecked using the Universal Russian Newspapers Database). The number of visits ranges from 0 to 18, with a mean of 2.13 (see Appendix Table A1). Additionally, we used the indicator of gubernatorial tenure as another proxy for gubernatorial lobbying capacity. Lobbying is a learned skill that depends on establishing connections and networks at the regional and federal levels. The more time a governor spends in power, the more he/she could be expected to learn about the various lobbying mechanisms and acquire necessary connections. In our data-set, gubernatorial tenure ranges from 0 to 235 months (with a mean of 73).

Admittedly, both of these proxies are not optimal measures of gubernatorial lobbying capacity. The indicator of official visits, in particular, is likely to involve a degree of endogeneity, i.e. federal officials tend to visit those regions where they send money to – to monitor the spending process and inspect the results of that spending. As reported later in this study, we conducted analyses to test the models' sensitivity to the endogeneity problem using lag and lead indicators of federal visits. Additionally, we tested the robustness of our models by dropping the main federal priority regions (the entire Far East and North Caucasus federal districts as well as Kaliningrad).

Alternative measures of gubernatorial lobbying capacity could rely on various expert ratings. The endogeneity issues are even more compounded in these ratings because the success in obtaining federal transfers is commonly used as one of measures of lobbying capacity and cannot be formally disentangled from the rating of lobbying capacity. Counting visits is a much clearer way and, arguably, in the absence of clear federal priorities in the region, the regional authorities do have a lot to do with these visits. Our interviewees highlighted that regional authorities invest much effort in bringing these officials to the regions, cultivating connections in various ways. Regional journalists frequently observe that such visits of federal ministers are followed by financial inflows into the region, confirming this logic. Governors themselves assert that many financing issues for specific projects are resolved when the federal officials travel to the region.¹⁰ Regional experts also note the importance of "dragging the officials into the regions" to winning in the competition for funds (Blashenkova 2007).

The second explanatory variable in this study is *administrative capacity*. We operationalized this variable using the vote for United Russia and voter turnout as measures of regional authorities' administrative capacity. Backed by the Kremlin, United Russia became the predominant pro-Putin political force in the State Duma throughout the 2000s. Delivery of the vote for United Russia therefore became one of the foremost political tasks outsourced to regional governors by the Kremlin (Reuter and Robertson 2012; Reuter 2013). Governors had to mobilize the administrative resources they had on hand to deliver victory for United Russia. Vote mobilization for United Russia in such circumstances therefore reflected

the overall administrative capacity and skills and an integrated effort of the regional political and economic elite, a task more likely to be successful in a centralized than a fragmented political environment. Not surprisingly, the highest regional votes for United Russia typically have been delivered in regions associated with strong regional-level political machines characterized by a high degree of inter-elite coordination and patronage-based exchange (e.g. in Tatarstan, Bashkortostan, Kemerovo, Mordovia, Chechnya).

A similar logic applies to voter turnout as a whole. Getting a high turnout in Russia is often associated with administrative pressure and mobilization. Hence, this indicator could be used as a measure of administrative capacity. Both of these measures (vote for United Russia and voter turnout) were constructed using the vote for United Russia in the 2003, 2007, and 2011 national-level legislative elections and based on the electoral results reported by Russia's Central Electoral Commission. Additionally, we use two other measures of administrative capacity – size of the regional bureaucracy per capita and the presence of inter-elite conflicts. Arguably, a larger bureaucracy reflects an additional capacity that might be essential when gathering the needed information and documentation for federal transfer applications (particularly when subsidies are concerned). The indicator of regional elite conflicts, once again, speaks to the issue of elite fragmentation and a potential loss of administrative capacity due to infighting among regional elites. Governor–mayor conflicts, for example, have been especially prevalent in many Russian regions, with an arguably debilitating effect on administrative capacity in the regions. Not only do such conflicts distract attention from contests over federal transfers but they also damage coordination between regional and local authorities required for timely and successful participation in numerous federal programs. To account for this factor, we created a dummy variable dividing regions into conflict-prone and conflict-free, based on case-by-case empirical investigation and expert analysis.¹¹

To test the third hypothesis – *support for newly appointed governors/signing bonus* – we added new pulse and trend dummies for the year a new governor was appointed in a region. The pulse dummies take a value of 1 at the year a new governor was appointed and 0 otherwise. They test for a temporary effect (i.e. instantaneous effect) of a governor appointment. The trend dummies take values of 1 for all years after a new governor is appointed while in office and 0 otherwise. They test for a permanent effect of a governor appointment. This approach is consistent with the event study methodology.

We used a number of control variables to account for additional factors that might have affected more subjective decisions on federal transfers. To test whether more economically developed and urbanized regions might have been privileged, we included gross regional product (GRP) per capita and urbanization level indicators. Additionally, we included controls for regional economic performance measured by GRP growth. To account for potential rural bias in these transfers, we used a share of agriculture in the regional economic structure. Federal district, region, and time/year dummies were also used to account for potential district and region-based fixed effects (such as, e.g. ethnic republic status) and unobserved differences in transfers across specific years. To account for changing patterns in statistical data gathering associated with administrative changes, we also added dummy variables for regions that have merged. Finally, we included two dummy variables for Putin and Medvedev's presidencies, to account for potential differences in policy-making during these two periods.¹²

For each estimate, we tested four model specifications. The federal visits and bureaucrats per capita indicators were included in all models. We separated government replacement (pulse and trend) dummies between models 1, 3 and 2, 4; and used vote for United Russia and electoral turnout indicators separately in models 1, 2 and 3, 4, respectively, to avoid the multicollinearity issue.

Results

Table 1 reports the results for hypotheses 1, 2, and 3 with the dependent variable – politically sensitive transfers – measured as a share of these transfers in regional revenues. As expected by hypothesis 1, gubernatorial lobbying capacity (as expressed through governors' ability to bring federal officials into the region), matters and is positively correlated with the amount of politically sensitive transfers flowing into the regions. This result holds in all model specifications. The coefficients indicate that each

Table 1. Results of the fixed-effects regression analysis (dependent variable: politically sensitive transfers as a share of total revenues).

	Model 1		Model 2		Model 3		Model 4	
	coeff.	s.e.	coeff.	s.e.	coeff.	s.e.	coeff.	s.e.
<i>Gubernatorial lobbying</i>								
Federal visits	0.002**	0.001	0.002**	0.001	0.002**	0.001	0.002**	0.001
Gubernatorial tenure	0.0002	0.003	0.001	0.003	0.0003	0.003	0.0005	0.003
<i>Administrative capacity</i>								
Vote for United Russia	0.096	0.067	0.091	0.064				
Voter turnout					0.111*	0.059	0.105*	0.057
Inter-elite conflict	0.003	0.006	0.002	0.006	0.003	0.006	0.002	0.006
Bureaucrats per capita (log)	−0.010	0.090	−0.024	0.090	−0.016	0.089	−0.029	0.089
<i>Political loyalty</i>								
Governor's appointment (pulse)	0.003	0.005			0.002	0.005		
Governor's appointment I (trend)			−0.0001	0.008			−0.001	0.008
Governor's appointment II (trend)			0.013	0.013			0.011	0.013
Governor's appointment III (trend)			0.045	0.030			0.041	0.030
<i>Control variables</i>								
GRP per capita (log)	−0.028	0.036	−0.033	0.037	−0.024	0.036	−0.028	0.037
GRP growth	0.043	0.048	0.044	0.048	0.040	0.048	0.041	0.048
Urbanization	−0.227	0.230	−0.221	0.228	−0.158	0.244	−0.156	0.243
Constant	0.561	0.549	0.550	0.559	0.409	0.551	0.410	0.561
Number of observations	880		880		880		880	
Adjusted R^2	0.447		0.449		0.449		0.452	

Notes: coeff.: estimated coefficient; s.e.: standard error.

To keep the table concise, the estimates of regional and year fixed effects, administrative mergers, and the structural shift dummy for Putin/Medvedev era are not reported and are available upon request.

We report robust standard errors that account for cross-sectional heteroskedasticity and within-panel (serial) correlation.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

additional visit of a federal official is associated with a .002 increase in the share of politically sensitive transfers to the region (i.e. every 10 visits increase the share of discretionary transfers by 2%, or about 7.5 million rubles in a median region).

The second hypothesis – on administrative capacity – is also supported by the evidence, at least when capacity is measured by voter turnout. Regions where electoral turnout was higher were more successful in securing greater amounts of politically sensitive transfers. Thus, a 1% increase in voter turnout corresponds to around a 1.1% increase in the share of discretionary transfers to the region (which amounts to about 3.5 million rubles in a median region). The indicators for bureaucrats per capita and regional elite conflict – arguably also linked to bureaucratic capacity – are not correlated with the share of politically sensitive transfers in regional revenue.

The third hypothesis – exploring whether new governors get a “signing bonus” (reflecting additional support from the Kremlin to newly appointed governors) – is not supported by the evidence along with all the control variables used in our models.

Sensitivity analysis

To test the models' sensitivity to endogeneity bias, we re-estimated them using an instrumental variable approach. Specifically, we used the lagged values of federal official visits as an instrumental variable. To test for exclusion restriction of lagged variables, we also estimated the model using lead predictors of federal visits to the regions. If federal officials visit the regions to monitor the spending of federal funds sent earlier, then the lead values of federal visits will be statistically significant in explaining federal transfers. We do not find that evidence. To test for the strength of instrument, we regressed federal transfers on the lagged values of federal visits. We find that the lagged indicator of federal visits is statistically significant in explaining politically sensitive transfers, indicating that the instruments meet the strength criterion. All in all, the results from the regression analysis using the instrumental variable

approach were not substantially different from those reported in Table 1 (please refer to Appendix Table A2 and Tables A2 and A3 in the online appendix, see Supplementary material). However, the model does appear to be sensitive to the exclusion of the main federal priority regions of the Far East, North Caucasus, and Kaliningrad (the results are presented in the online appendix, Table A4). While the sign of the coefficients remains the same and their magnitude is little changed, the statistical significance vanishes, which might be due to the reduction in sample size.

Even with these measures, however, the endogeneity problem cannot be ruled out entirely because the lagged values of federal visits can still be directly associated with the funds going to the region. A stronger instrument will be needed to obtain more unequivocal results.

Discussion

There are several reasonably consistent findings that emerge from the above analysis of factors shaping the flow of politically sensitive transfers in Russia during the period 2002–2012. First, the amount of such transfers is positively correlated with the number of official federal visits to the regions. This is not a particularly surprising finding given previous studies that noticed similar patterns, even if looking at official visits of the president only.¹³ In this study, we consider the visits of the larger group of top federal officials involved in decision-making over subsidies and grants. Furthermore, we only look at the politically sensitive share of federal transfers, over which federal officials exercised some degree of discretion during the prosperous 2000s.

One can confidently presume that federal officials travel to the regions to monitor and inspect how the federal money is spent. If all the funding decisions were driven by clearly defined federal priorities in the regions, this indeed should be the case. The reality on the ground appears to be more complex. There were indeed a number of important federal priorities – discussed above – during the 2000s that shaped federal decision-making, influencing the flow of funds as well as the travel itineraries of federal officials. The number of federal visits into these priority regions over the years has exceeded travel to other regions. However, other, “non-priority” regions that are visited more often receive a higher share of politically sensitive transfers. Based on local interviews with regional officials as well as their public interviews, we argue that these results are not spurious and not determined merely by federal priorities. Regional authorities do play a significant role in lobbying federal officials for transfers.

As Russia’s economy grew and the budget expanded, the number of decision-makers participating in discretionary inter-budgetary flows increased as well. Various ministries were involved in creating new subsidies, and regions could take a proactive approach not only in applying for subsidies offered from the center but also in advancing their own subsidy ideas and projects. In the words of Rafael Khakimov, a close observer and former adviser to the Tatarstan government, the secret of Tatarstan’s President Rustam Minnikhanov in securing federal funds is hidden in his “folder” (*papka*). According to Khakimov, Minnikhanov never goes to any meeting with federal officials without his *papka*, which contains a variety of ideas and projects that seek to preempt and anticipate what the federal agenda might be.¹⁴ Natalya Komarova, the governor of Khanty-Mansi Autonomous Okrug, confirms this insight, suggesting that in order to win in this competitive contest over federal funds, one needs not simply to participate in this process in a timely manner but be ahead of the game, anticipating the competition even before it has formally started (see note 7). But how is this done in practice?

The process of lobbying involves concentrated efforts both in the regions and in Moscow through regional representatives and allies in the government, the State Duma, and other governmental institutions (Starodubtsev 2009b). In Moscow, regional governments have to mobilize all region-related insiders and those with influence in federal branches of power for the purpose of helping the region. In the region, the regional leaders must gather a strong team of officials capable of generating creative ideas and projects, and delivering tangible results when such projects are implemented. Connections in Moscow help for lobbying and inviting federal officials to showcase regional projects, participate in specific events, and, while doing that, lobby for additional funding in support of these or related events and projects. Therefore, getting federal officials out of Moscow into a specific region is, arguably, part

of the lobbying process and an indicator of success. It enables regional governments to gain direct access to individual decision-makers on federal transfers and bring to their attention the importance of regional-level projects that they want and need funded. Many of these visits are indeed followed up by federal money.

Regional lobbying was important for determining flows of federal transfers in the 1990s as well. We know from earlier studies that governors played with the separatist threat as well as regional social and economic protests to lobby for greater federal funds or retention of taxes collected in the region (Treisman 1999; Robertson 2011). The lobbying practices changed dramatically during the 2000s. The new economic environment and new political rules of the game required regional officials to engage in more constructive, project-based thinking to attract more funds from the center. Various types of celebrations and anniversaries starting with Moscow's 850th anniversary in 1997 and Kazan's millennium in 2004 turned into a succession of regional anniversaries commemorating unification with Russia. During 2005–2008, the Republics of Udmurtia, Bashkortostan, Karachaevo-Cherkessia, Kabardino-Balkaria, and Adygeya celebrated their unification with the Russian people (Larina 2010). In 2010–2012, another series of similar celebrations occurred in Yaroslavl', Karelia, and Mordovia. Altai Krai developed and promoted its project, labeled as "75 × 75" and aimed at building 75 socially significant projects (hospitals, schools, athletic facilities, cultural centers, etc.), in celebration of its 75th anniversary. More than 10 billion rubles from the 2010 federal budget were planned to be spent on such events and celebrations (Larina 2010). Organizing other mega-projects such as big international athletic events or international official meetings is another practice associated with accessing federal funds. Sports development in particular received growing attention from regional authorities after the adoption of a massive federal target program that involved 107 billion rubles for promoting physical education and sports during 2006–2015 (Pokrovskaya 2006). As mentioned earlier, the Republic of Tatarstan was able to bring in many billion rubles from the federal budget to support infrastructural projects associated with 2013 Youth Olympics held in Kazan. The cities selected for hosting the 2018 FIFA World Cup games in Russia also will benefit from additional federal transfers; the process of determining which cities will have the privilege of hosting the World Cup undoubtedly involved much lobbying on the part of regional authorities.

Lobbying and creative ideas by themselves are not enough, however. Our analysis points to the importance of regional administrative capacity for transfers. Specifically, we found positive and statistically significant relationships between politically sensitive transfers and electoral turnout in the regions. The regional governments that are capable of producing high electoral turnouts are more successful in obtaining a larger share of discretionary transfers (Table 1). The vote for the party of power and electoral turnout commonly have been interpreted as proxies for regional political loyalty and support for the Kremlin (i.e. most recently in Yakovlev, Marques, and Nazrullaeva 2011). We argue that there is a need to reconsider such interpretations. The ability to mobilize turnout and deliver expected vote totals were already seen as a matter of administrative capacity in some regions in the 1990s (Matsuzato 2001). The deterioration of the democratic character of elections at both the national and regional levels in the 2000s has been accompanied by the spread of electoral "management" practices based on the mobilization of employees of state enterprises, public schools and universities, hospitals, and other public institutions (Frye, Reuter, and Szakonyi 2014; Forrat 2015). Needless to say, such mobilization requires a concerted effort by the regional administrative team – the same team that is likely responsible for preparing all the ground and paperwork required in the process of competing for federal grants and subsidies.

Additionally, the gubernatorial appointment system operating during 2005–2012 created the imperative that all regional governments be politically loyal to the Kremlin. Indeed, a whole series of federal reforms was aimed primarily at bringing the regional administrations more closely under the Kremlin's control.¹⁵ In the conditions of the new vertical of power, therefore, it is difficult to find significant variations in political loyalty and it is more plausible to view differences in region-wide political indicators such as electoral turnout as a measure of administrative capacity. Significant regional variations do persist in the degree of administrative capacity and levels of elite cooperation and coordination.

Conclusion

The years of economic growth and power-vertical building in Russia have transformed patterns of inter-elite interaction and the strategies employed by regional elites to access federal funds. In the 1990s, regional elites frequently promoted conflict with the center to secure greater political and financial autonomy. The 2000s were characterized by the growing coordination and cooperation with the federal center as regional governments had to work within the developmental priorities set out by the federal center. Despite the centralization patterns characterizing Putin's Russia, however, the regions did have the agency to influence the center's decisions on financial flows. The changing composition of federal transfers in the 2000s reveals that the amount of discretionary transfers has gradually increased, while the more "objectively" calculated share of transfers dwindled. In this study, we show that regions strived to shape the direction of discretionary transfers and developed new lobbying strategies to bring more federal funds into their regions.

To account for factors determining intergovernmental financial flows in Russia, we tested three hypotheses that might explain funding decisions. The analysis has highlighted the relevance of two factors: (a) federal visits to the regions that were conceptualized as a proxy for gubernatorial lobbying capacity; and (b) voter turnout, one of our proxies for regional administrative capacity. Using additional anecdotal data, we interpreted these findings as supporting the idea that regions in Russia have indeed competed over federal transfers, lobbying to raise the significance of specific regional projects at the federal level and battling to receive greater federal attention and support.

The continuing relevance of these findings will have to be reappraised in the new economic environment confronting Russia during the last three years. Starting in 2013, the country faced an increasingly constrained financial situation associated with an economic slowdown and, more recently, with the economic fallout from Putin's foreign policy actions. The era of growing transfers and expensive celebrations as well as regional innovation and modernization-oriented projects has come to an end, and even federal priority programs are in the process of being curtailed. An interesting subject for future research is how regions (as well as the federal ministries responsible for developing and distributing subsidies) are adjusting to these new circumstances and the degree to which the agency they have been able to exercise in the first decade of the 2000s has diminished or changed in the ways it is expressed.

Notes

1. See <http://www.grozny-inform.ru/main.mhtml?Part=8&PubID=44502>.
2. See <http://www.business-gazeta.ru/text/85798/>.
3. Putin's recent decision to transfer federal oil-industry assets (Chechenneftekhimprom) to Chechen republic ownership is just one revealing manifestation of this logic (Fuller 2016).
4. Special financing of the Far East started in 1993 and continued through the 2000s, with a notable spike in 2008–2010, when the Far East's share of all region-centered programs peaked at 80%, due to preparations for the 2012 Asia-Pacific Economic Cooperation summit held in Vladivostok.
5. In 2001 the federal center started a new program, "The South of Russia," and federal assistance to Chechnya was eventually folded into this larger program.
6. For an example, see <http://www.komiinform.ru/news/125559/>.
7. See the discussion in "Prositeli i 'smotryashchie'" at <http://ko.ru/articles/25322>.
8. These particular years were selected because of the relative homogeneity and consistency in data presentation. For 2001, for example, the available regional budget data were presented quite differently, and did not allow the calculations we planned.
9. These were conducted in Kazan' in July 2014.
10. See, for instance, http://www.altaregion22.ru/gov/administration/glava/society_economy/otchet-gubernatora-2012/Otchet-Gubernatora-Altaiskogo-kraia-rezultatakh-deiatelnosti-Administratscii-kraia-2012.php.
11. Descriptive statistics for the main variables are available in the Appendix.
12. To test the hypotheses we adopt the following econometric specification:

$$y_{it} = \alpha_i + \sum_i \beta_i x_{it} + \sum_i \gamma_i z_{it} + \delta_t + \varepsilon_{it} \quad (1).$$

where the subscripts i and t denote, respectively, regions and years, y_{it} is the dependent variable, x_{it} are the explanatory variables corresponding to the hypotheses we are interested in testing, z_{it} are control variables, α_i

and δ_i are regional and time fixed effects, and e_{it} is the error term. This econometric specification is estimated by the fixed-effects regression method for panel data with robust standard errors reported.

13. In particular, Jarocińska (2010) and Treisman (1999) confirmed the importance of the president's visits to the regions.
14. Interview with Khakimov by one of the authors in Kazan', July 2012.
15. For a comprehensive review of federal reforms, see Reddaway and Orttung (2005).

Acknowledgements

The authors would like to thank the participants of the DC Area Postcommunist Politics Social Science Workshop as well Jevgenijs Steinbuks (World Bank), Eric Shiraev (George Mason University), Timothy Frye (Columbia University), and the anonymous reviewer for helpful comments on earlier drafts. All remaining errors are solely the authors'. The second author's contribution to the paper was carried out under a research project "Political Competition in Russia: Sub-National Dimension" implemented within the Annual Thematic Plan for Basic and Applied Research at the National Research University Higher School of Economics (Moscow, Russia).

Disclosure statement

No potential conflict of interest was reported by the authors.

References

- Agranoff, Robert, and Michael McGuire. 2001. "American Federalism and the Search for Models of Management." *Public Administration Review* 61 (6): 671–681.
- Blashenkova, Vera. 2007. "Investitsionnaya privlekatel'nost' goroda, regiona. Chast 2. Sozdanie imidzha goroda, territorii, oblasti i imidzha vlasti [Investment Attractiveness of the City, Region. Part 2. Creating the Image of the City, Territory, Oblast, and the Image of Power]." <http://www.concretica.ru/publications/single/article/6/132/>.
- Desai, Raj M., Lev Freinkman, and Itzhak Goldberg. 2005. "Fiscal Federalism in Rentier Regions: Evidence from Russia." *Journal of Comparative Economics* 33 (4): 814–834.
- Forrat, Natalia. 2015. "Shock-resistant Authoritarianism: Schoolteachers, Infrastructural State Capacity, and Authoritarian Resilience in Putin's Russia." Paper presented at the Annual Convention of the Association for Slavic, East European, and Eurasian Studies, Philadelphia, PA, November 19.
- Frye, Timothy, Ora John Reuter, and David Szakonyi. 2014. "Political Machines at Work: Voter Mobilization and Electoral Subversion in the Workplace." *World Politics* 66 (02): 195–228.
- Fuller, Liz. 2016. "Chechnya to Acquire Federal Oil Industry Assets on its Territory." *RFE/RL Caucasus Report*. Accessed January 6. http://www.rferl.org/archive/Caucasus_Report/latest/963/963.html
- Grove, Thomas. 2012. "Russia's Medvedev Hints of Chinese Threat to Far East." *Reuters*. Accessed August 9. <http://www.reuters.com/article/2012/08/09/russia-china-territory-idAFL6E8J98K520120809>
- Hedge, David M., Michael J. Scicchitano, and Patricia Metz. 1991. "The Principal-agent Model and Regulatory Federalism." *The Western Political Quarterly* 44 (4): 1055–1080.
- Inman, R.P. 2003. "Transfers and Bailouts: Enforcing Local Fiscal Discipline with Lessons from U.S. Federalism." In *Fiscal Decentralization and the Challenge of Hard Budget Constraints*, edited by J. Rodden, G. Eskeland, and J. Litvack, 35–83. Cambridge, MA: MIT Press.
- Jarocińska, Elena. 2010. "Intergovernmental Grants in Russia." *Economics of Transition* 18 (2): 405–427.
- Kuznetsova, Olga. 2006. "Mezhbyudzhetye otnosheniya: Paralleli mezhdru Rossiei i Germaniei [Interbudgetary Relations: Parallels between Russia and Germany]." <http://www.kazanfed.ru/publications/kazanfederalist/n19/4/>.
- Larina, Nadezhda. 2010. "Gubernatory khotyat prazdnika [Governors Want a Holiday]." *Argumenty nedeli*. Accessed March 4. <http://argumenty.ru/social/n227/51992>
- Martinez-Vazquez, Jorge. 2007. "Asymmetric Federalism in Russia: Cure or Poison?" In *Fiscal Fragmentation in Decentralization Countries*, edited by Richard Bird and Robert D. Ebel, 227–266. Cheltenham: Edward Elgar.
- Matsuzato, Kimitaka. 2001. "From Ethno-Bonapartism to Centralized Caciquismo: Characteristics and Origins of the Tatarstan Political Regime, 1900–2000." *Journal of Communist Studies and Transition Politics* 17 (4): 43–77.
- Pokrovskaya, Leila. 2006. "Nikогда eshe gosudarstvo ne tratilo stol-ko na sport [Never has the Government Spent So Much on Sports]." Accessed September 25. <http://www.kommersant.ru/doc/706921>
- Popov, Vladimir. 2004. "Fiscal Federalism in Russia: Rules versus Electoral Politics." *Comparative Economic Studies* 46 (4): 515–541.
- Reddaway, Peter, and Robert W. Orttung, eds. 2005. *Dynamics of Russian Politics: Putin's Reform of Federal-Regional Relations*. Vol. 2. Lanhan, MD: Rowman & Littlefield.
- Reuter, Ora John. 2013. "Regional Patrons and Hegemonic Party Electoral Performance in Russia." *Post-Soviet Affairs* 29 (2): 101–135.

- Reuter, Ora John, and Graeme B. Robertson. 2012. "Subnational Appointments in Authoritarian Regimes: Evidence from Russian Gubernatorial Appointments." *The Journal of Politics* 74 (4): 1023–1037.
- Robertson, Graeme. 2011. *The Politics of Protest in Hybrid Regimes. Managing Dissent in Post-Communist Russia*. New York: Cambridge University Press.
- Sakwa, Richard. 2008. *Russian Politics and Society*. London: Routledge.
- Sharafutdinova, Gulnaz. 2013. "Getting the 'Dough' and Saving The Machine: Lessons from Tatarstan." *Demokratizatsiya: The Journal of Post-Soviet Democratization* 21 (4): 507–529.
- Starodubtsev, Andrei. 2009a. *Politicheskaya loy'al'nost' ili ekonomicheskaya effektivnost'* [Political Loyalty or Economic Efficiency]. St. Petersburg: Center for Modernization Studies, M-center.
- Starodubtsev, Andrei. 2009b. "Regional'nye interesy v rossiiskom parlamente: deputaty-odnomandatniki kak byudzhethnye loobbisty [Regional Interests in Russian Parliament: Single-Mandate Deputies as Budget Lobbyists]." *Politeya* 2 (53): 90–101.
- Thiessen, Ulrich. 2006. "Fiscal Federalism in Russia: Theory, Comparisons, Evaluations." *Post-Soviet Affairs* 22 (3): 189–224.
- Treisman, Daniel. 1996. "The Politics of Intergovernmental Transfers in Post-Soviet Russia." *British Journal of Political Science* 26 (03): 299–335.
- Treisman, Daniel. 1999. *After the Deluge: Regional Crises and Political Consolidation in Russia*. Ann Arbor: University of Michigan Press.
- Vartapetov, Karen. 2010. "Russia's Federal Fiscal Grants: Regional Equalization and Growth." *Post-Communist Economies* 22 (4): 471–481.
- Vartapetov, Karen. 2011. "Russian Fiscal Federalism under Stress: Federal Support of Regions during the Global Financial Crisis." *Eurasian Geography and Economics* 52 (4): 529–542.
- World Bank. 2011. "Social Expenditure and Fiscal Federalism in Russia." Report No. 54392-RU. <http://siteresources.worldbank.org/HEALTHNUTRITIONANDPOPULATION/Resources/Peer-Reviewed-Publications/MarquezSocialExpenFiscalFedRussia.pdf>.
- Yakovlev, Andrei, Israel Marques, and Eugenia Nazrullaeva. 2011. *From Competition to Dominance: Political Determinations of Federal Transfers in the Russia Federation*. Moscow: Higher School of Economics, Basic Research Program Working Papers, WP BRP 12/EC/2011.
- Zhuravskaya, Ekaterina. 2000. "Incentives to Provide Local Public Goods: Fiscal Federalism, Russian Style." *Journal of Public Economics* 76 (3): 337–368.

Appendix

Table A1. Descriptive statistics.

Variable	Obs.	Mean	Std. dev.	Min.	Max.
Federal visits	943	2.13	2.55	0	18
Gubernatorial tenure	913	73	54	0	235
Vote for United Russia	942	0.50	0.17	0.26	0.99
Voter turnout	942	0.61	0.11	0.44	0.99
Inter-elite conflict	913	0.42	0.49	0	1
Bureaucrats per capita	880	0.01	0.006	0.005	0.06
Governor's appointment (pulse)	943	0.11	0.31	0	1
Governor's appointment I (trend)	943	0.32	0.47	0	1
Governor's appointment II (trend)	943	0.10	0.30	0	1
Governor's appointment III (trend)	943	0.01	0.10	0	1
GRP per capita	913	0.69	0.13	0.26	1
GRP growth	900	0.19	0.11	−0.28	0.86
Urbanization	883	172,692	260,868	7,752	3,913,589
Politically sensitive transfers (PST)	943	0.13	0.10	−0.32	0.72

Table A2. Results of the fixed-effects regression analysis using lagged federal visits as an instrumental variable (dependent variable: politically sensitive transfers as a share of total revenues).

	Model 1		Model 2		Model 3		Model 4	
	coeff.	s.e.	coeff.	s.e.	coeff.	s.e.	coef.	s.e.
<i>Gubernatorial lobbying</i>								
Federal visits	0.002***	0.001	0.002***	0.001	0.002***	0.001	0.002***	0.001
Gubernatorial tenure	0.0002	0.002	0.001	0.002	0.0003	0.002	0.0004	0.002
<i>Administrative capacity</i>								
Vote for United Russia	0.096***	0.036	0.091**	0.036				
Voter turnout					0.111***	0.034	0.105***	0.034
Inter-elite conflict	0.003	0.007	0.002	0.007	0.002	0.007	0.003	0.007
Bureaucrats per capita	-0.010	0.037	-0.024	0.037	-0.016	0.037	-0.029	0.037
<i>Political loyalty</i>								
Governor's appointment (pulse)	0.003	0.005			0.002	0.005		
Governor's appointment I (trend)			-0.0001	0.006			0.001	0.006
Governor's appointment II (trend)			0.013	0.010			0.011	0.010
Governor's appointment III (trend)			0.045*	0.024			0.041*	0.024
<i>Control variables</i>								
GRP per capita	-0.028	0.018	-0.033	0.018	-0.024	0.018	-0.028	0.018
Urbanization	-0.227	0.178	-0.221	0.178	-0.158	0.180	-0.156	0.180
GRP growth	0.043**	0.020	0.044**	0.020	0.040**	0.020	0.041**	0.020
Constant	0.561*	0.320	0.550*	0.322	0.409	0.322	0.410	0.323
Number of observations	880		880		880		880	

Notes: coeff.: estimated coefficient; s.e.: standard error.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.