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# **WHEN GOVERNORS GO ABROAD: FACTORS OF PARADIPLOMACY IN RUSSIA**

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## **WHEN GOVERNORS GO ABROAD: FACTORS OF PARADIPLOMACY IN RUSSIA<sup>2</sup>**

Unlike in the 1990s and early 2000s, nowadays scholars rarely address the issue of international activity of Russian regions (phenomenon known as paradiplomacy). Due to the successful centralization efforts, Russian governors almost lost their domestic as well as external agency. However, there is still a considerable variation in the levels of their international activity which remains unexplained. Employing an original dataset on the international activity of Russian governors from 2005 to 2015 I investigate the effect local political regime, ethnicity and other factors have on the level of gubernatorial participation in paradiplomacy. Contrary to other studies I find that ethnicity has a positive effect on the external activity. I argue that paradiplomacy of republics serves as a tool of their ethnic policy. I also find that more democratic local political regimes bolster the willingness of the governors to participate in paradiplomacy. *Varyag* governors with no prior connections to the region are also more active internationally.

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## Introduction

On 24 November 2015 a Turkish fighter jet shot down a Russian attack aircraft that, according to Turkey, violated its airspace. This incident led to a mass deterioration of Russia – Turkey relations, Russia imposed restrictions on the Turkish export and companies and discouraged Russian travel agencies from organizing charter flights to Turkey (Roth 2015). These developments faced an opposition from the authorities of the Russian region of Tatarstan. The President of Tatarstan asserted that the Turkish companies will continue to operate in the republic and lobbied their exemption from the sanctions (Hille 2015). Unlike other Russian regions with the predominantly Turkic population, Tatarstan did not agree to the demands of the federal Ministry of Culture and did not leave the International Organization of Turkic Culture (Türksoy) (Meygun 2015). The President of Tatarstan was among the first to visit Turkey and meet Recep Tayyip Erdoğan after the relations started to normalize (Official Tatarstan 2016).

Russian regions' engagement in international affairs usually does not attract a lot of media coverage. Indeed, except of few cases like the above-mentioned behavior of Tatarstan's leadership or statements made by Ramzan Kadyrov, the Head of the Chechen Republic (Chechnya), who condemned Russian policy towards the Rohingya crisis in Myanmar (Luhn 2017), this engagement is rather modest and limited to economic matters.

Academic debates on the issue were quite vibrant in the 1990s as the federal center was too weak to prevent the regions from conducting their own foreign policies (De Spiegeleire 1999; Alexeev 1999; Makarychev 1999), but the current state of affairs is largely unexplored. Despite the successful centralization efforts, that included the replacement of gubernatorial elections with an appointment mechanism from 2004 to 2012, one may still witness a considerable variation in the levels of international activity of Russian regions. Turkish-speaking regions continue to keep close connections with Turkey, North-Western regions are engaged in transborder cooperation with the Baltic and Scandinavian states (including membership in international organizations like Barents regional cooperation) (Joenniemi and Sergunin 2014), regions on the border with Kazakhstan annually participate in the Forum for Transregional Cooperation (Forum 2018), many governors visit foreign countries, while others do not leave Russia at all. This variation remains unexplained.

In the academic literature foreign policy of regions is usually referred to as “paradiplomacy”. Most authors (e.g. Duchacek 1984, 1990; Kincaid 1990, Keating 1999; Hocking 1999; Lecours 2002) deal with democratic federations and do not consider centralized authoritarian states. Students of Russian paradiplomacy tend to employ functionalist explanations of the regional

engagement in international affairs (Kuznetsov 2009; Joenniemi and Sergunin 2014) and usually pay limited attention to the structure of the relationships between governors, the center and regional elites. Consequently, it remains unclear what factors are specifically relevant for the level of international activity of Russian governors. This research is aimed at answering this question.

I concentrate on a number of theoretical arguments. Taking into consideration that Russian paradiplomacy is usually about economic cooperation, the first set of arguments links foreign activity to the incentive structure in which Russian governors operate. Since their main concern is favorable results at the federal elections, they are willing to nurture their political machines rather than promote economic growth (Rochlitz 2016). This concern is even more salient in more competitive regions (Buckley and Reuter 2017). Thus, on the one hand, I expect governors of more competitive regions to exhibit lower levels of economic paradiplomacy. On the other hand, some literature (Laine and Demidov 2012; Belokurova and Nozhenko 2013; Gnatenko and Vlahov 2018) suggests that more democratic regional regimes can be conducive to paradiplomacy due to the effect of civil society or the variety of actors able to bring it to the agenda. This consideration makes me consider a competing hypothesis.

The second set deals with the relations between governors and regional elites. Governors who have strong ties with the local economic elites may be less willing to bring FDI into the regions as they undermine the elites' positions. Appointed governors often had no prior connection to the region. Furthermore, they were given a broad mandate to achieve socio-economic development of the regions under their rule. Therefore, I expect such *varyags* to be more active internationally.

Thirdly, financial dependence on the center is expected to reduce international activity by providing an alternative source of material resources. The same effect should be observed in cases of natural resource abundance. It was convincingly demonstrated in the literature that transfers from the higher levels of government and resource rents impede economic growth and development of the regional tax base (Desai, Freinkman, and Goldberg 2005; Alexeev and Kurlyandskaya 2003; Zhuravskaya 2000). Consequently, I expect them to have a negative effect on economic paradiplomacy. Finally, ethnic distinctiveness is believed to play a significant role in shaping regional willingness to participate in paradiplomacy, either being a mechanism of the representation of sovereign statehood identity (Sharafutdinova 2003) or a tool employed to foster popular nationalism and gain bargaining power vis-à-vis the center (Albina 2010). Thus, I expect ethnicity to be positively associated with international activity.

To test these hypotheses, I utilize an original panel dataset on gubernatorial international activity comprising 181 governors of Russian regions and covering the time period from 2005 to 2015. Following McMillan's study of American governors (2008), I focus on the direct engagement of Russian governors in paradiplomacy, utilizing the number of their foreign visits and meetings with foreign authorities as a primary indicator of the level of their international activity. Thus, I concentrate on the personal gubernatorial participation rather than on the overall embeddedness of a region within the network of international agreements or foreign economic ties (Reisinger and Yoo 2012; Obydenkova 2006).

The article is organized as follows. In the next section I provide an overview of the existing literature on paradiplomacy. Next, I outline content of Russian paradiplomacy, legal and institutional framework in which regional governments operate. After that a theoretical framework, explaining foreign policy activities of Russian governors, is formulated. Finally, I introduce the data and present the results of statistical analysis followed by the discussion.

## **Russian regions' international activity: content and institutional framework**

Russian paradiplomacy was on the rise in the 1990s. The weakness of the federal authorities not only gave the regions an opportunity to conduct *de facto* independent foreign policy but also left at least some of them without much financial support. This incentivized regions to seek resources abroad in the form of foreign aid and development projects as well as foreign direct investments (FDI) (Alexeev and Vagin 1999). Apart from that, active foreign policy served as a means of obtaining personal political capital and opposing the federal center (Chirikova and Lapina 2001, 43).

Prominent examples of autonomous regional foreign policy in the 1990s are numerous. For instance, Yuriy Luzhkov, a mayor of Moscow, launched a campaign aimed at imposing Russian control over Sevastopol in Crimea (which always served as a naval base for the Russian Black Sea Fleet). Evgeniy Nazdratenko, a leader of Primorsky krai, refused to recognize a border agreement between Russia and China. The republics of Tatarstan, Bashkortostan and Kabardino-Balkaria signed bilateral treaties with Abkhazia, contradicting Russian official line and the Russia – Georgia Friendship treaty (Makarychev 1999). The Treaty of Federation signed by the federal center and 18 ethnic republics in 1992 explicitly acknowledged their independent agency in international affairs (The Treaty of Federation art. 3).

The recentralization of the Russian state (Gel'man 2008) and establishment of the "power vertical" (Gel'man and Ryzhenkov 2011) significantly reduced regional autonomy in foreign affairs (Joenniemi and Sergunin 2014). Importantly, after the rise of oil prices and increase in taxation capacity the federal center regained its ability to provide regions with resources they required for meeting economic and social needs. To get resources from the federal center became much easier than to seek them abroad.

Legal framework under which the regions conduct their paradiplomacy has also been changing. The Russian constitution puts "coordination of international and foreign economic relations of the subjects of the Russian Federation, fulfillment of international treaties and agreements of the Russian Federation" under the joint jurisdiction of the Federation and its subnational units without further specification (The Constitution of the Russian Federation art. 72). The federal law "On the State Regulation of Foreign Trade Activity" adopted in 1995 stipulated the right of the regions to sign trade agreements with regions of foreign states. The law "On the Basics of the State Regulation of the Foreign Trade Activity" adopted in 2004 gave the Russian regions the right to open representative offices in foreign countries, sign agreements on economic cooperation with foreign states and regions with the consent of the federal government. In 1996, the Ministry of the Foreign Affairs (MFA) was given a coordinating role in sustaining regional foreign relations by the presidential decree (The President of Russia 1996). According to this decree and its successor of 2011, the Ministry has to approve all the agreements signed by Russian regions (The President of Russia 2011). In 2003, a consultative body, The Council of the Heads of the Subjects of the Russian Federation, was created within the structure of the MFA. All the laws and other legal documents on the matter of regional foreign relations were severely criticized for being too vague (Busygina and Lebedeva 2008). In 2017, after the long-lasting process (it was introduced to the State Duma in 2007), the law "On the Basics of Transborder Cooperation" was adopted. It delineates spheres of authority between federal and regional governments as well as grant the right to strike agreements to the municipal units.

These developments significantly limited regional autonomy and reduced external relations of the regions to the matters of culture and economy. According to Busygina and Lebedeva (2008, 18-22) the following forms of paradiplomacy can be identified in Russia: international agreements (with administrative units of foreign states, subject of foreign federations, and foreign governments), functioning of representative offices, participation in international organizations, and presentations of regions organized by the Ministry of Foreign Affairs. Joenniemi and Sergunin (2014) add some other strategies to this list: creating legal foundations for paradiplomatic activities, attracting FDI and promoting joint projects, constructing positive

image and increasing familiarity abroad. They also view city-twinning as a fairly successful way to conduct paradiplomacy and create trans-border communities with shared identities (Joenniemi and Sergunin 2017). Municipal level, however, falls out of the scope of my paper.

Kuznetsov (2009, 19) distinguishes between two types of Russian paradiplomacy: cross-border and global. Global paradiplomacy refers to the relationships of regions that do not share a common border but share significant similarity and commonality of interests: for example, the industrial Sverdlovsk oblast chose a developed *Bundesland* of Baden-Württemberg as its main partner, while Khanty-Mansi okrug maintains relationships with the Canadian oil-extracting province of Alberta (Ibid., 18).

At the same time, Turovsky (2011) notices that transborder cooperation in Russia is largely imitational and foreign policy is executed only by rich, well-developed regions that have resources to invest in it (most notably Moscow). Institutional structures of international regional cooperation are underdeveloped, being almost absolutely absent at the Eastern borders. Patterns of paradiplomacy in Russia are geographically contingent: North-Western regions were able to use the institutional infrastructure built by the European Union while regions in other parts of the country were denied such opportunity.

Nevertheless, Russian regions are involved in a variety of kinds of international activity. The North-Western regions are believed to be the most active, being a part of many European institutional formats such as Euroregions and Barents regional cooperation as well as maintaining close bilateral ties with the Scandinavian and Baltic states. Ethnic republics, most notably Tatarstan, maintain close ties with ethnically and confessionally close countries. Ramzan Kadyrov, is famous for his trips to the Middle East. Kirsan Ilyumzhinov, the then-President of Kalmykiya, has been continuously lobbying a visit of Dalai Lama to Russia which has been being denied by the Russian authorities since 2004 in order to avoid tensions with China. Some regions actively interact with international organizations (e.g. UNESCO, UNIDO) and participate in paradiplomatic institutions (e. g. Congress of Local and Regional Authorities). Many border regions are involved in different formats of trans-border cooperation. Regional heads often accompany federal delegations to different international events such as investment exhibitions or international economic forums.

To sum up, the diminishing opportunities to maintain autonomous foreign relations did not result into the extinction of paradiplomatic activities and unification of their quality and quantity across Russian regions. Despite the common institutional environment, some of the regions exhibit much greater international activity than the others. The next section surveys the literature on

paradiplomacy studies, explains why it is not particularly helpful in explaining the Russian case and investigate factors that I believe to be relevant for explaining the observed variation.

## **Explaining Russian paradiplomacy**

Regional engagement in communication with foreign and international actors started to draw significant attention of the scholars in the 1970s with the unfolding of globalization processes. Theoretical lenses of globalization and complex interdependence have been dominating the discourse on paradiplomacy since scholars have begun to scrutinize the topic. According to Kamiński (2018), several more or less consequent frameworks in which paradiplomacy studies occurred may be identified: federal studies, border studies and multi-level governance, legal studies, security studies, and environmental perspective. As Kuznetsov (2014) notices, the approaches developed in the 1970s and 1980s are still relevant for the modern studies of paradiplomacy, being primarily centered around classification of its aims, causes and kinds and employing case study as a research method (e. g. see Duchacek 1984, 1990; Kincaid 1990, Keating 1999; Hocking 1999; Soldatos 1990).

These papers are quite thorough in compiling excessive lists of causes of paradiplomacy. For example, Soldatos (1990) identifies the following determinants of paradiplomatic activities: objective and perceptual segmentation (features which distinguish one region from the others); regional nationalism; asymmetry of subnational units, “some of which could see foreign policy as the product of dominant élites in one or more <...> powerful federated units” (Ibid., 46); the growth of subnational units (in terms of their institutions, budgets and functions) that encourages regional elites to look for new roles. On the federal level the major contribution is made by the errors and inefficiency of the federal government in conducting foreign policy (subnational units try to remedy it by their own external relations), absence of institutions through which units could influence federal foreign policy, and constitutional uncertainties in dividing competences. More recently Lecours (2002) adds the existence of regional nationalistic parties to the list.

The distinctive feature of the most existing literature is the primary focus on democratic federal states such as Canada, the USA or Belgium. Since 1990s scholars started to pay much more attention to other parts of the world, with Chinese provinces challenging the democratic and federalist premise paradiplomacy studies have rested upon (Kuznetsov 2015, 38-42). Still, the case of the modern Russia, that undergone recentralization and authoritarian backlash, remains underexplored.

Even though paradiplomacy studies is an established and well-developed field which is able to generate useful insights, it failed to develop a general theory, which would go beyond listing kinds and potential causes of paradiplomacy, and continues to favor atheoretical case studies and *ad hoc* explanations (Lecours 2002; Bursens and Deforche 2010). I doubt building such a theory is even possible, given the variety of forms of paradiplomacy and settings it takes place in. Therefore, the right approach for a political scientist eager to explain international activity of subnational units would be to treat it as a strategy employed by regional elites under the incentives relevant for a country under investigation. It is especially relevant for centralized authoritarian settings where international agency of subnational units is much more reluctant to being taken for granted.

Consequently, I hardly rely on paradiplomacy studies in attempts to explain differences between Russian regions in terms of international activity. Paradiplomacy studies are also less relevant for this research due to the abovementioned federalist and democratic bias. Being a *de jure* federation, Russia is very centralized (Ross 2010), and Russian federal leadership is quite suspicious about international activity that is unsupervised by the center.

Some of the factors outlined above (with the notable exception of regional nationalistic parties) can be applied to the Russian case. Constitutional uncertainties in dividing competences definitely exist, having been a very important factor in the 1990s, republics are characterized by strong ethnic identity and perceive their distinctiveness from other subnational units and the federal center, and institutions through which regions can channel their influence on the federal foreign policy are absent (Busygina 2007). However, a closer look at the federal- and region-level incentive structures is needed in order to understand what drive the willingness of Russian governors to participate in external relations.

In the following paragraphs I elaborate on factors that seem to be relevant for participation in external activity in Russia, namely, regional political regime, resource flows and center-regional relations, patron-client ties, and ethnicity.

### **Regional political regime**

Russian political regime at the federal level is usually referred to as electoral authoritarianism (Schedler 2006; Gel'man 2013). Elections are held at the different levels of government, but they are neither free nor fair, and their results are usually predetermined. Ability of elites to get the votes is essential for the survival of such regimes. Governors are hardly to be considered elected politicians since regional elections were abolished from 2005 to 2012, and even after their

reintroduction the results are conditional on the ability of a governor to manage his or her political machine (Sirotkina and Karandashova 2016). These political machines are crucial not only for the governors themselves but also for the federal center because they enable it to get the needed votes on presidential and parliamentary elections (Reuter 2013).

The concept of political regime is extensively applied to Russian regions themselves (Gel'Man et al. 2005; Panov and Ross 2013; Lankina, Libman, and Obydenkova 2016a; Lankina, Libman, and Obydenkova 2016b). Russian regions vary in their competitiveness levels. Causes and consequences of this variation are numerous (se e.g. Obydenkova and Libman 2015). The effect of this factor on the international activity may be twofold.

The existing literature suggests that economic performance does not serve as an assessment and appointment criterion under electoral authoritarianism. Since winning elections in such a regime is crucial for an autocrat, ability of autocrat's clients to manage their political machines is prioritized over their ability to sustain economic development. Moreover, these two are contradictory to each other since political machines and patron-client ties are based on economic distortions and ineffective policies (Buckley and Reuter 2017). Empirical research on Russia shows that ability to manage political machines is the main criterion for decisions about gubernatorial appointments (Reuter and Robertson 2012; Rochlitz 2016). Rochlitz (2016) even finds that average economic growth under a governor correlates negatively with the probability of his or her reappointment. This seems to be a side effect of machine politics. Evidence also demonstrates that electoral results (Starodubtsev 2014) and voter turnout (Sharafutdinova and Turovsky 2017) lie behind the center's decisions about budgetary transfers to the regions. Thus, if a governor provides the center with the votes, he or she not only increases the probability of the reappointment but also secure the money flow from the federal center.

This implies that governors are generally not interested in economic development of the regions under their rule. Buckley and Reuter (2017) suggest that in a less competitive environment autocrats exhibit greater concern about economic performance. Governors who have a stronger grip on power may devote some effort to economic development instead of the management of political machines.

These considerations have direct implications for international activity since the majority of foreign trips and meetings with foreign officials are undertaken by the governors in order to attract foreign direct investments into the regions and establish economic cooperation. In more competitive regions governors will be more concerned with nurturing their political machines than with economic development and, therefore, put less effort into such activity.

At the same time, a number of other mechanisms can push governors of more competitive regions into the opposite direction. Firstly, governors in more contested environments may be more concerned with losing elections (or "selection" by the federal center during the time when the elections were abolished) and try to demonstrate their effort in regional development to the electorate (federal center). Secondly, elite pluralism may require more resources to be redistributed among the clientelist networks. Regional economic development provides regional governments with taxes they can redistribute at their discretion. Potentially, in the regions where the "winning coalition" is broad enough, governors should be more willing to provide public goods (de Mesquita et al. 2005). On the one hand, FDI *per se* can be treated as a public good benefiting the whole region. On the other hand, again, they increase the regional tax base. Thirdly, active civil society may facilitate international cooperation by bringing certain issues to the agenda.

There are some hints pointing at positive relations between competitiveness of the regional political regime and paradiplomacy in the literature. Belokurova and Nozhenko (2013) argue, utilizing the constructivist approach, that poly-centric character of regional regime is conducive to building a "modular community" that allows for multiple links with other regions and countries. In turn, single dominant discourse in monocentric regions is conducive to restrictive identity politics and regional isolationism. Thriving civil society, more likely to be witnessed in competitive regions, is an important factor in cross-border cooperation (Laine and Demidov 2012), though not necessarily leading to any government actions. Finally, Gnatenko and Vlahov (2018) argue that existence of a variety of players creates opportunities for international cooperation to be brought to the political agenda. However, the empirical evidence they present is rather inconclusive.

To sum up, two competing hypotheses may be proposed:

H<sub>1</sub>: Governors of more competitive regions demonstrate lower levels of international activity.

H<sub>1</sub><sup>\*</sup>: Governors of more competitive regions demonstrate higher levels of international activity.

## **Resource attraction**

To view Russian paradiplomacy as a way of resource attraction and problem-solving is not uncommon. Alexseev and Vagin (1999) demonstrate in their case study that international cooperation and transborder trade with the Baltic states was a major source of economic resources for the Pskov oblast in the time when the federal center could not sustain regular payments to the regional budget. Chirikova and Lapina (2001) note that regional elites' attitudes towards economic openness is contingent on regional resources. Regions with limited opportunities for growth based on the internal potential prioritized external investments. Joenniemi and Sergunin (2014) argue that while in the 1990s paradiplomacy was a survival strategy, in the 2000s it became viewed by regions as an effective tool for solving local problems and ensuring sustainable development.

In the 2000s, to get resources from the federal center is likely to be a less costly strategy compared to the resource attraction in form of FDI, aid, and joint projects from abroad. The major form of resource redistribution between regions and the center is budgetary transfers. The system of transfers allocation is opaque and subject to manipulation. Active lobbying of transfers (Sharafutdinova and Turovsky 2017) undoubtedly implies costs, but they are still unlikely to be higher than those of regional promotion at the international arena and looking for foreign partners who are ready to bring investment into the regions. Studies of fiscal federalism demonstrate that the reliance on transfers from the higher levels of government disincentivizes regional and local authorities to foster their own tax bases (Desai, Freinkman, and Goldberg 2005; Alexeev and Kurlyandskaya 2003; Zhuravskaya 2000). Accordingly, it should impede the willingness of governors to attract FDI and be actively engaged in economic paradiplomacy.

Therefore,

H<sub>2</sub>: The higher the dependence of a region on the budgetary transfers from the federal center, the lower the level of international activity.

Governors of regions with a huge natural resource base are also expected to be less active internationally. Such regions are exactly the case of internal resource abundance emphasized by Chirikova and Lapina (2001). Rents generated by natural resources should allow governors of such regions not only to invest and social development and maintain stability but also to appease and buy loyalty of local elite groups.

These considerations provide us with the third hypothesis:

H<sub>3</sub>: The higher the share of natural resources in the gross regional product, the lower the level of international activity.

## **Local ties and federal appointments**

Russian political-economic system is inherently patronal. I utilize Hale's definition of patronalism as a system "in which individuals organize their political and economic pursuits primarily around the personalized exchange of concrete rewards and punishments" (Hale 2015, 20). The system of patronage implies close connection and intersection between political and economic elites. Such an order often makes the material interests of a governor impossible to disentangle from the material interests of local businesses. Even though Russian regions vary in types of state-business relations, one may expect that, on average, established ties with local businesses make governors more prone to react to their demands.

International economic cooperation may potentially benefit local economic elites. Turovsky (2011, 104) notes that clientelist networks consisting of business and political elites of Moscow and former Soviet republics were the driver behind Moscow's paradiplomacy. Sometimes it is quite evident what regional elite group will benefit from the successful paradiplomatic effort. For example, an agreement (Karelia Official, 2005) signed by the deputy prime minister of Belarus and Karelian prime minister in 2005 implied a construction of a newsprint plant in Belarus. Machinery for the plant were produced by the "Petrozavodskmash" plant whose then-CEO, Leonid Beluga, is one of the richest people in Karelia and, according to the media reports (Karelinform.ru, n.d.), a friend of the then-Head of Karelia, Sergey Katanandov.

But much more often international cooperation, especially in the form of the FDI, contradicts the interests of regional elites since the large-scale FDI bring new actors to the regional economic arena and threaten their position. For instance, when in 2006 the Ukrainian car producer "Bogdan" started to build a factory in the Nizhegorod oblast, ruled by a *varyag* Valeriy Shantsev, it caused dissatisfaction of the "GAZ", big Russian car producer residing in the region. (Safronycheva 2006).

*Varyags* are appointed by the federal center with a broad mandate to solve regional problems and ensure economic development. Their efforts to achieve these goals are likely to be associated with the higher level of international activity.

Patron-client ties are conditional on the time a governor spent in his or her office (Sharafutdinova and Steinbuks 2017). This means that *varyags* appointed by the center are not embedded in the patronalist structures at the beginning of their tenure but develop those over time. This may decrease their initial willingness to promote international economic cooperation.

Thus, two hypotheses are proposed:

H<sub>4</sub>: *Varyags* appointed by the federal center exhibit higher levels of international activity.

H<sub>5</sub>: International activity of a *varyag* decreases over the time of his or her tenure.

## **Ethnicity**

Scholars of Russian paradiplomacy proposed at least two causal mechanisms connecting it to ethnicity. The first is a constructivist one developed by Sharafutdinova (2003). According to her, the quality and quantity of Tatarstani paradiplomacy in the 1990s were a consequence of Tatarstan's ideational aspirations for statehood. This coincides with Soldatos' notion of perceptual segmentation as a driver behind paradiplomacy (Soldatos 1990).

Albina (2010), in turn, asserts that Tatarstan's identity discourse is used instrumentally by the regional elites. By fostering popular nationalism, they appease republican nationalistic elites and get bargaining power vis-à-vis the federal center and, therefore, political and economic preferences. Loyalty to the federal center along with the harnessing of nationalism ensured the cooperative nature of Moscow – Tatarstan relations.

Regardless of what logic better suits the reality, extrapolating them on other Russian regions provides me with the expectation that regions with a larger share of non-Russian population will exhibit higher levels of external activity.

H<sub>6</sub>: The higher the share of non-Russians among the population of a region, the higher the level of external activity of its governor

However, it should be noted that Reisinger and Yoo (2012) find that international activity of Russian regions is negatively correlated with the percentage of non-Russians in the population when controlled for the overall development of a region (in terms of population, education and income per capita).

## **Data and methods**

To test these hypotheses, I employ an original dataset on the levels of international activity of Russian governors from 2005 to 2015 (see the descriptive statistics in the Appendix). The panel data on the gubernatorial visits to other countries and their meetings with foreign officials and representatives of the international organizations within Russia come from the media reports. To collect the data, the *Integrum* database that contains all the regional and federal newspapers

published in Russia was used. The Integrum served a primary source since not all regional governments' websites contain a coherent and full information on such events.

A uniform query which included the name of a governor and keywords such as "foreign visit" or "ambassador" were applied to search through all the regional newspapers. After that, the search results were examined, and the number of individual events was counted. Obviously, there are some limitations to this data collection procedure. Firstly, it is not guaranteed that the query was broad enough to include all the possible international actions undertaken by governors. Secondly, some individual events could have evaded the search as well as my attention. I assume this problem to be non-systematic and negligible. The third problem seems to be of a greater importance: how such events are reported may be influenced by the regional political regime. However, since usually such events are framed as beneficial for the regional community, it is unlikely that some governors will forbid the media they control to report them. At the same time, I measure the number of event occurrence, not how extensive the coverage is. Since the Integrum covers a huge number of regional media, including web-based ones, I assume that such events are unlikely to completely evade media attention.

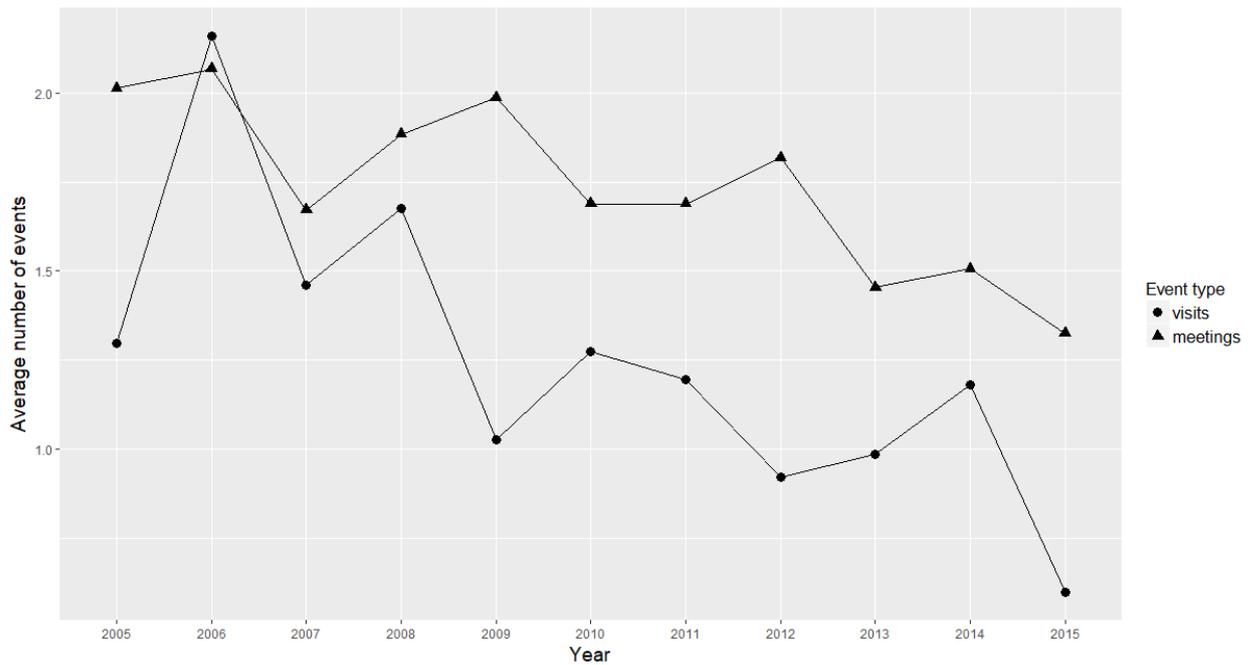
All foreign visits were included in the dataset, including participation in international forums, investment exhibitions and accompanying Russian federal delegation (e.g. the President or the prime minister). If a governor visited numerous countries during one trip, each country was counted as one visit. Meetings within Russia were included only if they implied interactions with foreign governmental officials: consuls, ambassadors, governmental delegations, deputies of parliaments etc. No differentiation was made between interactions with foreign state officials and foreign regional officials. Participation in international forums within Russia or events implying interaction with foreign officials from many different countries were also counted as one meeting.

Years at which one governor had finished his or her tenure were assigned to the governor who spent more months in office that year (e.g. if a governor finished his or her tenure in September, the year was assigned to him or her, if a governor finished the tenure in April, then the year was assigned to his or her successor). The numbers were adjusted by dividing the actual number of events by the number of months a governor spent in office in the assigned year, multiplying it by 12 and rounding.

Unlike McMillan (2008) I do not construct an index of international activity by summing visits and meetings but treat them as separate dependent variables. This allows me to see if there is any difference between these activities. McMillan's approach of summing them in one index

appeared to be misleading in the Russian case, blurring significant differences in the regression results.

Figure 1 shows an average number of gubernatorial visits to foreign countries and meetings with foreign official within Russia over the period under consideration. For both visits and meetings one can witness a downward trend. Two drastic drops in foreign visits in 2009 and 2015 can be possibly attributed to the world economic crisis and the Crimean crisis, followed by the massive deterioration of the relations with the West and drop in oil prices.



**Figure 1. International activity of Russian governors (2005-2015)**

Over the course of 10 years an average number of foreign visits undertaken by Russian governors dropped from 1.3 in 2005 to 0.6 in 2015. Number of meetings with foreign officials also experienced a drop from 2.01 in 2005 to 1.32 in 2015. This pattern is in line with my expectation that recentralization and increase in the federal center's capacity would reduce gubernatorial international activity over time.

The data on region-level independent and control variables mainly come from the Russian Federal State Statistics Service (*Rosstat*), ethnicity data come from the Russian Census 2010 and the data on governor-level variables was collected from different open sources, the data on democracy is from the Carnegie Moscow Center (Petrov and Titkov 2013). All time-variant independent variables except for *Consulates* are lagged by one year.

*Democracy* is a Petrov and Titkov index of democratization usually employed as a measure of the regional political regimes in Russia. It is based on the expert surveys and measures regional

political regimes alongside various dimensions, such as fairness of elections, corruption, civil society, and pluralism. It is not available for each year, but rather for 4-year intervals for the period from 2001 to 2011. Since the index barely changes from one interval to another, the integral assessment for 2001-2011 period was chosen as an operationalization of regional political regime.

*Ethnicity* is operationalized as a share of non-Russian population in a region according to the Census 2010.

*Transfers (share)* is a share of transfers in regional budgetary income. *Transfers per 1000 (log)* is a logged volume of budgetary transfers per 1000 population<sup>3</sup>.

*Resources* is a share of natural resources in the gross value added reported by *Rosstat*.

A dummy variable *Varyag* takes a value of 1 if there was no prior connection between a governor and a region he or she was appointed at, according to open sources. Variable *Tenure* signifies a number of years a governor spent in the office.

*GRP (log)* is a logarithm of gross regional product. In order to control for the overall level of socio-economic development that may be correlated with regional democracy, variable *Urbanization* (percentage of regional population living in urban areas) is included in regressions.

I also control for the border location (dummy variable *Border*) and distance from Moscow (*Distance*) to account for geographical characteristics. Dummy variable *Republic* controls for the republican status. A dummy *North\_West* accounts for the North-Western federal district which is the most democratic among others and enjoyed the European institutional structures of transregional cooperation.

Another control variable is the number of consulates and other similar diplomatic offices in a region in a given year (*Consulates*). This variable is expected to have a strong effect on meetings of a governor with foreign officials just because these officials are always present in a region. At the same time, the number of diplomatic missions is itself a reflection of the international activity of regional authorities, and a measure of internationalization of a region. Therefore, this variable is excluded from some specifications.

Moscow, St. Petersburg as well as Nenets, Yamalo-Nenets and Khanty-Mansi autonomous okrugs are excluded from the analysis, according to the common practice. Tatarstan is also

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<sup>3</sup> The data on transfers are calculations by Dr. Andrey Starodubtsev (HSE, St. Petersburg), based on the data reported by the Federal Treasury.

excluded due to the outlierness, its level of international activity is extraordinarily high, reaching its maximum at 26 visits and 21 meetings per year. The Republic of Crimea and Sevastopol are also excluded.

To test the hypotheses, OLS regression and negative binomial panel regression with *Visits* and *Meetings* as dependent variables is employed. Negative binomial is used since the dependent variables are count. In order to account for regional and gubernatorial effects, random effects model is employed. Random effects are chosen over fixed effects since the majority of independent variables of interest are time-invariant.

## Findings and discussion

I start with collapsing the panel dataset into a cross-section one by averaging all time-variant variables and perform simple OLS regressions on it. Results are presented in the Table 1. Two models exclude the Sverdlovsk oblast as a potential leverage.

**Table 1. OLS regression**

	<i>Dependent variable:</i>			
	Meetings (1)	Visits (2)	Meetings (3)	Visits (4)
GRP (log)	0.636 <sup>***</sup> (0.175)	0.146 (0.133)	0.646 <sup>***</sup> (0.175)	0.148 (0.135)
Democracy	0.069 <sup>**</sup> (0.028)	0.024 (0.021)	0.066 <sup>**</sup> (0.028)	0.023 (0.021)
Ethnicity	0.027 <sup>***</sup> (0.009)	0.017 <sup>**</sup> (0.007)	0.027 <sup>***</sup> (0.009)	0.017 <sup>**</sup> (0.007)
Resources	-0.031 <sup>**</sup> (0.014)	0.001 (0.011)	-0.032 <sup>**</sup> (0.014)	0.001 (0.011)
Urbanization	0.021 (0.015)	-0.012 (0.011)	0.022 (0.015)	-0.011 (0.011)
Border	0.268 (0.263)	0.021 (0.200)	0.319 (0.269)	0.031 (0.206)
Republic	-0.115 (0.511)	-0.708 <sup>*</sup> (0.390)	-0.116 (0.512)	-0.708 <sup>*</sup> (0.392)
North_West	-0.034 (0.423)	0.234 (0.323)	0.042 (0.431)	0.249 (0.331)
Distance	-0.154 <sup>*</sup> (0.077)	-0.081 (0.059)	-0.137 <sup>*</sup> (0.079)	-0.078 (0.061)

Consulates	0.147* (0.076)	0.183*** (0.058)	0.083 (0.102)	0.171** (0.078)
Sverdlovsk excluded	NO	NO	YES	YES
Constant	-9.775*** (2.117)	-0.642 (1.613)	-9.905*** (2.123)	-0.668 (1.628)
Observations	77	77	76	76
R <sup>2</sup>	0.534	0.316	0.477	0.246
Adjusted R <sup>2</sup>	0.463	0.212	0.397	0.130
F Statistic	7.561*** (df = 10; 66)	3.044*** (df = 10; 66)	5.929*** (df = 10; 65)	2.124** (df = 10; 65)

Note:

\* p<0.1; \*\* p<0.05; \*\*\* p<0.01

It is notable that the model explains meetings much better than visits. The effect of ethnicity is significant in both models. The concern may arise that it is collinear with the variable *Republic* what potentially can lead to the exaggeration of its coefficient. It is unlikely to be so, since the VIF for *Ethnicity* is only slightly above 4 which is usually considered a threshold value. Moreover, the effect of ethnicity holds when the analysis is conducted on the sample of the republics.

The effect of democracy is unstable across different operationalizations of international activity. Its effect on meetings is significant at the 5% level, while its effect on visits is insignificant when the number of consulates is controlled for. When the consulates are not included into the analysis, the effect of democracy on visits is only marginally significant.

Natural resources have a negative effect on the number of meeting with foreign officials and no significant effect on the number of visits.

To include time-variant variables, on the next step I employ a negative binomial regression with random effects for regions and governors, as well as year dummies, on my panel data. The results are presented in the Table 2. Differences in the number of observations are due to the data missingness. For the sake of convenience, specifications with *Transfers per 1000* are not reported as the effect of the variable is insignificant and its inclusion does not change the results.

The results are largely the same. Ethnicity has a significant effect on both visits and meetings stable across different model specifications. Regional democracy has the positive effect on meetings, but its effect on visits is only marginally significant and stops being so after controlling for consulates.

The effect of the variable *Varyag* is positive and significant. This means that appointed governors with no prior connection to the region are indeed more active than their colleagues with regional ties. No evidence was found that this effect changes over time. This signifies that appointed governors from the federal center are more concerned with the task of socio-economic development of a region and less constrained by the ties with local elites.

Both transfers variables are insignificant indicating that the amount of transfers and dependence of the regional budget on them do not affect international activity directly.

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**Table 2. Negative binomial panel**

	Meetings	Visits	Meetings	Visits	Meetings	Visits
	(1)	(2)	(3)	(4)	(5)	(6)
<b>GRP (log)</b>	0.235** (0.101)	0.215** (0.090)	0.219** (0.101)	0.203** (0.082)	0.223** (0.101)	0.207** (0.088)
<b>Transfers (share)</b>	-0.005 (0.004)	-0.004 (0.004)	-0.005 (0.004)	-0.003 (0.004)	-0.005 (0.004)	-0.003 (0.004)
<b>Democracy</b>	0.039** (0.017)	0.034* (0.018)	0.035** (0.017)	0.024 (0.017)	0.033** (0.017)	0.022 (0.017)
<b>Ethnicity</b>	0.019*** (0.006)	0.015** (0.006)	0.018*** (0.006)	0.013** (0.006)	0.017*** (0.006)	0.012** (0.006)
<b>Varyag</b>	0.265** (0.125)	-0.086 (0.184)	0.251** (0.125)	-0.137 (0.183)	0.128 (0.150)	-0.279 (0.214)
<b>Tenure</b>					-0.010 (0.009)	-0.012 (0.013)
<b>Republic</b>	-0.320 (0.316)	-0.565* (0.324)	-0.299 (0.311)	-0.508* (0.305)	-0.304 (0.312)	-0.505 (0.308)
<b>Urbanization</b>	0.017* (0.009)	-0.010 (0.009)	0.016* (0.009)	-0.011 (0.009)	0.015 (0.009)	-0.012 (0.009)
<b>Resources</b>	-0.008 (0.006)	0.001 (0.007)	-0.007 (0.006)	0.003 (0.007)	-0.006 (0.006)	0.003 (0.007)
<b>Border</b>	0.305** (0.155)	0.264 (0.161)	0.278* (0.154)	0.212 (0.151)	0.278* (0.154)	0.206 (0.151)
<b>North_West</b>	0.001 (0.244)	0.308 (0.251)	-0.018 (0.241)	0.280 (0.234)	-0.030 (0.242)	0.269 (0.233)
<b>Distance</b>	-0.114** (0.045)	-0.022 (0.046)	-0.127*** (0.045)	-0.045 (0.044)	-0.127*** (0.045)	-0.045 (0.044)
<b>Consulates</b>			0.046 (0.036)	0.076** (0.035)	0.046 (0.037)	0.078** (0.035)

<b>Varyag X tenure</b>					0.043 (0.034)	0.047 (0.047)
<b>Year dummies</b>	YES	YES	YES	YES	YES	YES
<b>Region effects</b>	YES	YES	YES	YES	YES	YES
<b>Governor effects</b>	YES	YES	YES	YES	YES	YES
<b>Constant</b>	-4.516*** (1.243)	-2.843*** (0.952)	-4.107*** (1.271)	-2.335*** (0.859)	-3.985*** (1.275)	-2.196** (0.963)
Observations	810	810	810	810	810	810
Log Likelihood	-1,291.519	-1,104.883	-1,290.752	-1,102.866	-1,289.685	-1,102.053
Akaike Inf. Crit.	2,633.037	2,259.767	2,633.503	2,257.731	2,635.370	2,260.106
Bayesian Inf. Crit.	2,750.463	2,377.192	2,755.626	2,379.854	2,766.887	2,391.623

*Note:* \* p<0.1; \*\* p<0.05; \*\*\* p<0.01

## Effect of regional political regime

Regional democracy has a significant positive effect on the level of foreign policy activity when measured as the number of meetings with foreign official within Russia. The effect on visits to foreign countries is marginally significant when the number of diplomatic missions in a regions is not included in the model.

The result is open to various interpretations. The one problem stems from the possibility of omitted variable bias. Even though the effect on meetings holds after controlling for gross regional product and urbanization, underlying economic structure not grasped by the control variables still may confound the results by affecting both local regime and levels of international activity.

Another possible explanation is that the causality goes the other way around. Engagement in international cooperation projects reflected in the number of contacts with foreign official may contribute to the democratization through democratic diffusion mechanisms (Lankina and Getachew 2006; Lankina et al. 2016). Case studies conducted by Lankina and Getachew (2006) demonstrate that participation in the EU aid projects reinforced regional democracy in Karelia and moved the Pskov oblast from 27 to 34 along the Carnegie Democracy Index. Gel'man et al. (2008) report that the mayor of Petrozavodsk relied on resources provided by the EU in order to increase its power base and successfully compete with the republican governor.

In order to get additional insights into the causal mechanisms behind the observed effect I conduct further regression analysis substituting democracy index with its constituting components that measure different aspects of regional democracy. Unfortunately, since they are

highly correlated with each other, it makes little sense to put them in one model. Table 3 demonstrates the z-scores reported by the software along with the significance levels for different components of the Carnegie index in the fully-specified negative-binomial models (*Consulates* included). Results significant at the 5% level are in bold.

**Table 3. The effects of the components of democracy**

	<i>Dependent variable:</i>	
	Meetings	Visits
<b>Pluralism</b>	1.096	<b>2.175**</b>
<b>Fairness of elections</b>	0.341	1.325
<b>Transparency of politics</b>	<b>2.025**</b>	<b>2.12**</b>
<b>Media freedom</b>	1.304	1.53
<b>Liberalization of economy</b>	1.752*	-0.116
<b>Civil society</b>	<b>2.95***</b>	<b>1.973**</b>
<b>Political structure</b>	1.532	1.227
<b>Elites</b>	1.829*	0.936
<b>Corruption</b>	<b>2.204**</b>	0.258
<b>Local self-governance</b>	-0.065	-0.552

Note: \* p<0.1; \*\* p<0.05; \*\*\* p<0.01

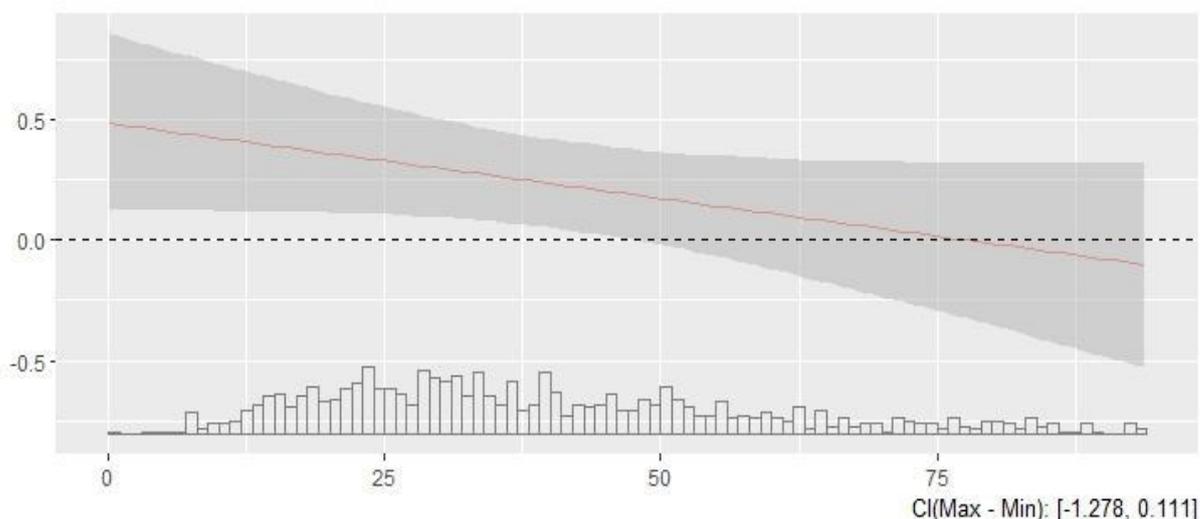
It is still hardly possible to disentangle the effects of the different components, but transparency of politics and strong civil society seems to have a significant effect on both meetings and visits. Low level of corruption is significant for meetings, while pluralism has a positive significant effect on visits. Compared by their z-scores, the effect of civil society is the strongest one for meetings, while pluralism has the strongest effect on visits.

It may be surprising that meetings and visits are affected by different components of regional democracy. However, when it comes to meetings, the effects partly capture the determinants of the willingness of foreign states to come to the regions (such as the low level of corruption). Visits require much more effort on the part of a governor and, thus, may be less subject to the pressure by the civil society than meetings. The strong effect of pluralism on visits may be interpreted as an evidence in favor of causal mechanism connecting resource attraction from abroad and plural nature of regional elites.

If this is the case one would also expect the dependence of a regional budget on the federal transfers to alleviate this effect. The broad winning coalition makes the regional governments seek more resources at their possession. However, if the main source of money is the federal center, the governments do not need to develop regional economies. Indeed, interaction term between share of federal transfers and pluralism has a negative sign and significant at the 10% percent level. The marginal effect of pluralism on visits reported on the Figure 2 becomes insignificant when about 50% of the regional budget comes from the federal center. This effect holds when the republics (main recipients of the federal transfers) are excluded from the sample.

**Table 4. Pluralism X Transfers interaction**

	<i>Dependent variable:</i>
	Visits
<b>Pluralism</b>	0.481 <sup>***</sup> (0.182)
<b>Transfers (share)</b>	0.016 (0.012)
<b>Pluralism X Transfers (share)</b>	-0.006 <sup>*</sup> (0.004)
<b>Controls (full specification)</b>	YES
<b>Region effects</b>	YES
<b>Governor effects</b>	YES
<b>Year dummies</b>	YES
Observations	810
Log Likelihood	-1,099.938
Akaike Inf. Crit.	2,253.877
Bayesian Inf. Crit.	2,380.697
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01



**Figure 2. The marginal effect of pluralism on international activity (visits) conditional on the transfer dependency**

I interpret this in favor of causal mechanism that connects political pluralism in a region with resource attraction and distribution of public goods. Regions relying on tax revenues are incentivized to attract FDI in order to provide goods to their broad "winning coalition". In regions that are dependent on transfers more than on tax revenue, this effect is absent and international activity is not used to attract FDI, even when regional elites are plural.

### **Effect of ethnicity**

My hypothesis regarding ethnicity is confirmed. This result is contradictory to the findings of other large-N analyses of Russian paradiplomacy (Obydenkova 2006; Resinger and Yoo 2012). However, Obydenkova looks at the joint projects with the European Union and does not claim to make a universal research on foreign activity of the Russian regions. Resinger and Yoo seem to be misled by the operationalization of paradiplomacy as a number of signed agreements. Thus, my results support the papers which argue that ethnicity in Russian regions matters for paradiplomacy.

At the same time, the effect of ethnicity is clearly driven by the subset of the republics. In order to have this effect, ethnicity should be institutionalized and actively promoted by the regional authorities. To shed light on the mechanisms lying behind the effect of ethnicity I conduct further analysis while excluding all non-republics from the dataset.

Republics vary in terms of institutionalization of ethnicity and levels of ethnic self-identification among the population. For example, Tatarstani elites actively promote ethnic identity while only 7% of the Karelian population identify itself as Karelians and ethnic identity is absent in the

official public discourse. I use the index of "separatist activism" in the 1990s (*Separatism*) developed by Treisman (1997) as a proxy for the institutionalization of ethnicity and the strength of nationalist organizations that conditioned this activism (Gorenburg 1999; 2003).

To see how strong ethnic identity among the titular ethnic groups is, I look at the share of the titular population that claimed to have proficiency in the state language of a republic, according to the Census 2010 (*Language*). For Karelia, where the only state language is Russian, proficiency in Karelian language is used for the operationalization. The results of analysis are reported in the Table 5.

**Table 5. Predictors of republican international activity**

	<i>Dependent variable:</i>	
	Meetings (1)	Visits (2)
Democracy	0.073 <sup>***</sup> (0.022)	-0.031 (0.042)
Ethnicity	0.040 <sup>***</sup> (0.007)	0.010 (0.010)
Separatism	0.232 <sup>***</sup> (0.048)	0.073 (0.079)
Language	-0.032 <sup>***</sup> (0.006)	-0.018 <sup>**</sup> (0.009)
Resources	-0.019 <sup>*</sup> (0.011)	0.016 (0.016)
Varyag	0.342 (0.434)	0.067 (0.842)
Controls (full specification)	YES	YES
Year dummies	YES	YES
Region effects	YES	YES
Governor effects	YES	YES
Observations	219	219
Log Likelihood	-291.009	-274.422
Akaike Inf. Crit.	634.017	600.843
Bayesian Inf. Crit.	722.133	688.959

*Note:* \* p<0.1; \*\* p<0.05; \*\*\* p<0.01

The level of separatism in the 1990s is highly significant for meetings while insignificant for visits. Since the level of separatist activism is believed to be determined by the strength of nationalist movement (in turn determined by the ethnicity institutionalization during the Soviet times), its effect can be interpreted as the effect of local ethnic elites. Therefore, paradiplomacy indeed serves to appease them and to signal loyalty.

The level of language proficiency has a highly significant negative effect on both meetings and visits that holds when controlled for the level of economic development. This may seem counterintuitive, but it makes perfect sense if we think of paradiplomacy as a way to mobilize masses (Albina 2010) and a tool of national policy used to construct strong national identity. Republican leadership does not need to mobilize ethnic population with the help of paradiplomacy in cases where ethnic identity is highly developed.

## **Conclusion**

In this paper I put international activity of Russian governors (paradiplomacy) into the context of center-regional relations, relations between governors and regional elites, and incentive structure, going beyond traditional view on paradiplomacy as a mere consequence of globalization and natural development of the international system.

The analysis reveals that regional democracy, ethnicity and a *varyag* governor are all associated with higher levels of regional international activity. I argue that, among other possible causal mechanisms, elite pluralism incentivizes governors to attract foreign resources into the regions under their rule. This effect is conditional on the dependence of a region on the federal transfers. When federal transfers prevail over tax revenue in the budgetary income, governors have little incentives to increase their taxation base through FDI attraction. In such a case, they can rely on federal money to satisfy their regional "winning coalition".

I also find that *varyags* with no prior ties to the regions are more active internationally. It indicates that they are indeed concerned with socio-economic developments of their regions and are less constrained by the regional elites who oppose potential changes in the status quo caused by the arrival of new economic actors.

Contrary to the other quantitative studies of Russian paradiplomacy, my analysis shows that there is a positive association between the foreign policy activity level and the share of non-Russian population in a region. The evidence suggests that paradiplomacy in ethnic republic serves as a means to appease regional ethnic elites and as a tool of national policy aimed at constructing national identity.

Of course, my analysis cannot substitute deep qualitative studies of Russian paradiplomacy. It is fairly indiscriminate towards the quality of the regional external ties. It also concentrates on the governors themselves without considering, for example, vice-governors participation in paradiplomacy or parliamentary paradiplomacy. However, I believe that it sheds light on important aspects of regional international activity in Russia and contribute to both paradiplomacy studies and studies of Russian regional governance by theorizing paradiplomacy as a rational elite strategy under the particular incentive structure.

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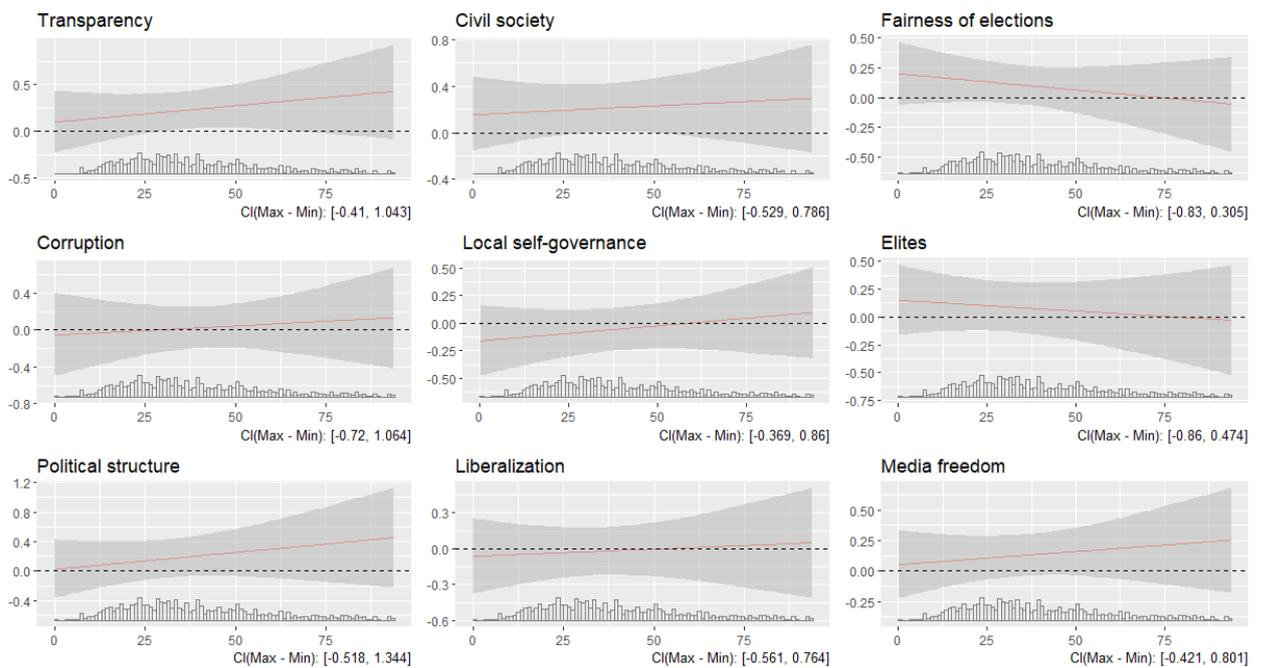
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# Appendix

**Table 1. The descriptive statistics**

Statistic	N	Mean	St. Dev.	Min	Max
Visits	842	1.280	1.460	0	8
Meetings	842	1.827	1.977	0	11
GRP (log)	827	12.592	12.698	8.734	14.823
Ethnicity	842	23.055	26.117	3	99
Democracy	842	30.032	5.839	17	43
Transfers (share)	817	39.157	19.590	0.073	93.828
Transfers_per 10000	823	11.660	11.960	8.215	14.534
Resources	829	6.933	11.165	0.000	65.200
Urbanization	842	68.679	12.352	29.200	95.500
Consulates	842	0.735	1.776	0	13
Tenure	835	5.525	4.751	0	21
Distance	842	1.822	1.852	0.000	6.783

**Figure 1. The marginal effects of the components of regional democracy other than pluralism on international activity (visits) conditional on the share of transfers**



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