

**Politics, Governance, and Zigzags of the “Power Vertical”:
Toward a Framework for Analysis of Russia’s Local Regimes**

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Abstract. In the wake of multiple political and economic transformations in the 1990s and the 2000s, new patterns of subnational politics and governance emerged across Russia’s regions and large cities in the form of local regimes. These patterns could be analyzed through the theoretical and comparative lenses of international research on the subject. I argue that the major changes of local regimes in Russia’s regions and large cities – unlike those analyzed in the literature on American and European sub-national politics and governance – are heavily affected by structural factors such as trends of local as well as national economic development. Also, major political and institutional changes in Russia and, especially, the process of cooptation of previously semi-autonomous local regimes into the hierarchy of the “power vertical” during the wave of re-centralization of politics and governance in the 2000s led to the emergence of the dual model of sub-national governance, which combines some featured characteristics of subnational authoritarianism and crony capitalism that partly resembles developmental trends in some Third World countries as well as late-Soviet practices of territorial politics and governance.

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The emergence of local regimes,¹ or relatively stable patterns of subnational politics and governance, became an important logical consequence of the turbulent political and economic changes in Russia's regions and large cities during the periods of the 1990s and the 2000s.² I posit that these developments can be analyzed within the theoretical frameworks of research on "urban regimes", which have been conducted in studies of American and West European urban politics and governance over the two last decades (see Mossberger, Stoker, 2001; Stone, 2005; Ledyayev, 2008). Also, these issues should be discussed within the framework of research on subnational authoritarianism (Gibson, 2005; Gel'man, Ross, 2010) and crony capitalism (Kang, 2002; Sharafutdinova, 2011) in various countries from Latin America to East Asia. Despite the major differences which exist between local regimes in contemporary Russia and abroad, and their highly divergent political and institutional environments, the placement of Russian local regimes within a theoretical and comparative cross-national perspective as well as cross-temporal comparisons of their patterns in late-Soviet and post-Soviet periods opens new horizons for their analysis. It also provides us with a better understanding of their developmental trends as well as some of their peculiarities.

The goal of this paper, therefore, is three-fold. The first aim is to define Russia's local regimes and to map them into a larger picture of major trends of Russian politics and governance against the background of developments of local regimes in other states and nations. Second, it focuses on patterns of subnational politics and governance in present-day Russia under conditions of the centralized model of subnational authoritarianism and "predatory state" model of crony capitalism. Third, it considers factors of continuity and changes of local regimes in Russia and possibilities of their further evolution.

Local Regimes in Russia: Mapping Evolutionary Trajectories

The "local regime" (henceforth – LR) is defined here as a complex of political institutions, actors, and the resources and strategies available to them, which determines the conduct of local politics and local governance in a relatively stable manner over time. LRs could be attributed to various territorial units at any level of subnational government (primarily, regions and large cities)³ if they exhibit some autonomy of local politics and governance vis-à-vis at the higher levels of authority. The framework of

¹ In this paper, I refer to "local" as a category which combines both regions and large cities. I use this term interchangeably with "subnational".

² In this paper, I rely heavily upon some previously published texts (Gel'man, 2010; Gel'man, Ryzhenkov, 2011).

³ Similar working definitions of "local regimes" were applied even to comparative analysis of politics and governance in boroughs of London (Dowding et al., 1999).

LRs (as any concept in social sciences) is probably not an ideal theoretically elaborated scholarly construct; but rather, for the purpose of this paper it serves just as a working definition for identification, classification and mapping of LRs in Russia and beyond. These two arenas, or dimensions of LRs – local politics and local governance, although mutually interconnected, are relatively independent from each other. At least, the question of impact of local politics on local governance and vice versa in a comparative perspective remains under-explored and worth further research.⁴ But one should consider these two dimensions within different frameworks of analysis. Yet, from the viewpoint of local politics LRs could be explored and understood through more or less standard lenses of research on political regimes – i.e., in terms of subnational democracy and/or authoritarianism (Gibson, 2005). However, the understanding of patterns of local governance is a much more complex task, which is based not only on research on the output of LRs but also on the analysis of the role of structure and agency in economic and territorial development of Russia's regions and large cities (Bradshaw, Hanson, 2000; Mitchneck, 2001; Zubarevich, 2010). At least, for the purposes of this paper, LRs in Russia will be classified along these very basic lines:

- (1) in terms of local politics – as various instances of subnational authoritarianism or, occasionally, subnational democracy;
- (2) in terms of local governance – as a continuum between LRs of maintenance of the status-quo, which responds to challenges of survival through various practices of “muddling through” (Lindblom, 1959) and, alternatively, LRs of rapid growth and development, which emerged as a result of major economic advancements and/or social changes.

Although these working definitions of both dimensions of LRs and substantive foundations of their classifications as well as their possible measurements might be rather imperfect and should be discussed more seriously in terms of subnational comparisons (Snyder, 2001), they allow me to provide initial inventories for further analysis. I would argue that LRs in Russia (and probably elsewhere) operate under the hierarchically structured influence of three major factors:

- (1) exogenous *structural conditions* (i.e., geographical locations, natural resources, socio-economic, ethnic and demographic profiles of regions and large cities, and more broadly in a national and international developmental context);

⁴ Although Putnam's well-known study (Putnam, 1993) concludes that local democracy is a key factor of good local governance, some research on subnational politics and governance in Russia challenges this argument in different ways (Stoner-Weiss, 1997; Bradshaw, Hanson, 2000; Mitchneck, 2001; Sharafutdinova, 2011)

(2) *political opportunities*, which set up the political and institutional environment of LRs and the incentives for their actors (including formal and informal “rules of the game”, established by the national government);

(3) *patterns of politics and governance at higher levels of authority* implemented at the local level by conducting certain policies.

Concurrently, outcomes of LRs emerge as a result of the interactions of their actors within the framework of political institutions. These outcomes of LRs affect both major inter-related arenas – local politics and local governance.

It is widely accepted that the trajectories of LRs in post-Communist Russia over the period of the 1990s and the 2000s resembled pendulum swings (Petrov, 2004; Gel'man, 2009). In the early 1990s the collapse of the Soviet Union, the breakdown of the Communist rule, and the launching of market reforms caused spontaneous decentralization and democratization of politics and governance both at the national and at the subnational level. These trends occurred against the background of the protracted economic transformation, the decline of coercive and distributive capacities of the Russian state and deep conflicts among local economic interest groups (Stoner-Weiss, 2006; Zubarevich, 2010). It is not surprising that emerging local regimes demonstrated a genuine diversity in terms of politics (Gel'man, Ryzhenkov, Brie, 2003; Hale, 2003; Golosov, 2004), although most of the regions exhibited various forms of a decentralized subnational authoritarianism (on distinctions between centralized and decentralized versions of subnational authoritarianism see Gel'man, 2010). At the same time, the local governance was faced with the emergence of subnational varieties of “crony capitalism” (Sharafutdinova, 2011). Given the fiscal crisis and the recession caused by economic transformation during the 1990s, along with the de facto devolution of social obligations from the federal government to subnational governments, most local regimes sought merely to maintain the status-quo, which was based upon redistributive social policies. These LRs routinely divided scarce budgetary resources (their amounts heavily depended upon transfers from higher levels of authority), and maintained the basic infrastructure and housing assets of cities and regions. The key actors of LRs were involved in “the privatization of gains” and “the socialization of losses” (Gel'man, Ryzhenkov, Brie, 2003: 56). These LRs emerged in the majority of Russia's cities and regions and demonstrated the predominance of local-based distributional coalitions (Shirickov, 2010), which involved major dependent social groups such as pensioners and public sector employees, local businesses closely linked with local authorities (Brie, 2004), and also criminal “violent entrepreneurs” (Volkov, 2002). To summarize, the major trend of LRs in Russia's regions and large cities in the 1990s

could be described as the spontaneous emergence of decentralized subnational authoritarianism and crony capitalism.

In the 2000s, the dynamics of Russian LRs qualitatively changed. The tremendous economic growth in Russia (until the 2008-2009 economic crisis) accompanied by the large-scale recentralization of governance and the rise of nation-wide authoritarian tendencies, led to a major shift of Russia's subnational authoritarianism from decentralized to a centralized party-based model of subnational authoritarianism (Gel'man, 2010), which played an important role as the major element in nation-wide electoral authoritarianism (Golosov, 2011). In many LRs, these changes caused elements of regimes of growth and development to emerge in local governance. They were based upon booming construction, real estate, retail, and related sectors of local economies. These processes also affected the nature of local governance, which was faced with similar challenges that previously had determined the agenda of urban regimes in American and Western European cities (Stone, 1989, 2005; Mossberger, Stoker, 2001). In particular, the increasing value of urban land and real estate as developmental resources (Mitchneck, 2007) and the rising influence of local and nation-wide business actors on local governance (Zubarevich, 2010) contributed to more pro-active local policies, especially in areas such as urban planning and land use, which were prone to the escalation of conflicts among major actors. To some extent, these developments were akin to the emergence of "growth coalitions" in American and, to a lesser degree, West European cities (Ledyayev, 2008). Nonetheless, Russian LRs were rather distinctive from their American and West European counterparts in their configurations of actors, structural characteristics, and political opportunities (Tev, 2006). After the crisis of 2008-2009, although the economic prospects of most of the LRs became rather unclear, the trend toward centralized party-based electoral versions of subnational authoritarianism in local politics of Russia's regions and large cities grew even stronger.

The institutions and actors of Russia's LRs as well as the patterns of local politics and governance were greatly influenced by the major political and institutional changes of the 2000s. These changes included: (1) a shift from subnational autonomy to the partial re-establishment of a hierarchical model of subnational governance (known as the "power vertical") (Sharafutdinova, 2010a; Gel'man, Ryzhenkov, 2011); (2) the major decay, if not the total elimination, of electoral contestation in local as well as in national politics (Golosov, 2011); and (3) the abolishment of popular elections of regional governors and, in many cases, of city mayors (Gel'man, Lankina, 2008).

How do LRs in Russia's regions and large cities function under the conditions of the power vertical, subnational authoritarianism and crony capitalism while experiencing uncertain economic prospects? What about the impact of institutions which affect the features of local politics and local

governance, and what about the incentives for actors of the LRs within the framework of politics and governance in the country as a whole? I'll explore these issues through the observations and interpretations of research of subnational politics and governance in Russia conducted by a number of scholars⁵ (including myself) (Gel'man, 2009, 2010; Gel'man, Ryzhenkov, 2011). First, I present the general evolutionary logic of Russia's LRs within the hierarchy of the power vertical. Then, I offer a preliminary analysis of incentives and control mechanisms, which are embedded in the power vertical, and an account of costs and challenges of this pattern of local politics and governance in Russia with an emphasis on related principal-agent problems.. Possible prospects for further evolution of Russia's LRs in a theoretical and comparative context are discussed in the conclusion.

The Power Vertical and Local Regimes: Institutions and Incentives

The building of the power vertical in the context of Russia's politics of the 2000s was one of the cornerstones of the recentralization of governance and institutionalization of both nation-wide and subnational authoritarianisms (Gel'man, 2009, 2010). In terms of local politics and local governance, the mechanism of the power vertical is based upon several formal and informal "rules of the game" for LRs and their actors:

- (1) Hierarchical subordination of regional chief executives (henceforth – governors) as well as city mayors towards the federal executive authorities;⁶
- (2) De-facto prohibition of open political competition of local elites in the electoral and legislative arenas and forced co-optation and integration of the majority of key actors of LRs into the "party of power", United Russia (UR) (Reuter, Remington, 2009; Golosov, 2011);
- (3) Actors of LRs are responsible for the provision of favorable results of national and regional elections, requested by the Center, and for the prevention of actual mass protests.

The political consequences of these changes for local politics in Russia included not only the institutional decay of regional legislatures (Shirickov, 2010) and branches of political parties (Kynev, 2010), but also the continuous decline of local autonomy (Gel'man, Lankina, 2008) and the shrinking

⁵ Without presenting an extensive bibliography, I would like to mention, among others, Grigorii V. Golosov, Henry Hale, Alexander Kynev, Robert Orttung, Nikolay Petrov, Gulnaz Sharafutdinova, and Natalia Zubarevich.

⁶ In this paper, I use the terms "federal authorities", "Kremlin" and "[federal] Center" interchangeably.

space for public participation (Belokurova, 2010). They also heavily affected patterns of local governance in Russia's regions and large cities.

Emerging Russian LRs in the 1990s were faced with numerous conflicts resulting from the open competition between local-based distributional coalitions for the grabbing of the limited pool of resources (budgetary funds, assets of privatizing enterprises, etc.) and administrative rents against the background of transformation recession and the fiscal crisis of the Russian state (Shirickov, 2010; Zubarevich, 2010). Most of these conflicts were resolved as zero-sum games because of the influence of structural characteristics of LRs, which determined the constellations of their actors. The Kremlin indirectly (and often ineffectively) affected these conflicts with the use of institutional engineering and – occasionally – administrative encroachment (Gel'man, Ryzhenkov, Brie, 2003; Hale, 2003). But even in the 1990s, some successful LRs were able not only to extract additional rents due to resource endowments (e.g., Tatarstan) (Matsuzato, 2001) or due to their special status of locality (e.g., Moscow) (Brie, 2004), but also to pursue policy of growth and development at the local level. In these LRs, equivalents of “growth coalitions” have emerged (Tev, 2006). The dominance of subnational executive officials and their business cronies also allowed for other subordinated actors, who exchanged their access to local political and economic markets to refuse to challenge the status quo (Zubarevich, 2010). This informal deal, or “imposed consensus” brought some benefits to both dominant and subordinated actors. The former spent fewer resources on co-optation rather than coercion, while the latter increased their wealth because of the growing amount of rents. In other words, newly-emerging LRs of growth and development turned into positive-sum games, if their “growth coalitions” were led by local dominant actors.

The economic turnaround during the 2000s in Russia provided favorable conditions for the emergence of LRs of growth and development in a number of regions and large cities (Tev, 2006). The “opening” of local markets and the encroachment of Russian big business towards the provinces (Zubarevich, 2010) greatly contributed to these changes. The inflow of capital as well as the bubbling amount of rents fuelled the rise of new “growth coalitions” in Russia's regions and large cities. Due to the structural characteristics of LRs and their political opportunities, the major turn in the developmental trend of Russia's LRs did not always lead to changes in the constellations of local actors. In the 1990s, in the wake of the redistribution of property rights, regional and local officials served as “veto players” in most of the LRs (Pappe, 2000; Sharafutdinova, 2011). In the 2000s in a number of regions and large cities they preserved, if not strengthened, the dominance within the new local “growth coalitions” in a manner of the “predatory state” model of crony capitalism (Kang, 2002: 15). At the same time, the relatively equal partnership between local authorities and economic actors (the “mutual hostages” model) and the

dominance of big business in LRs (the “state capture” model) (Dininio, Orttung, 2005) were typical only for a relatively small number of LRs, such as, respectively, in St. Petersburg (in the former case) (Tev, 2006) and in mono-industrial regions and large cities, such as Cherepovets (in the latter) (Bychkova, Gel'man, 2010). It is not surprising that these “growth coalitions”, which included local authorities and their business cronies (with ad hoc inclusion of some other actors), were by and large interested in diminishing the political competitiveness of LRs. In fact, in the early 2000s the share of incumbent losses in elections of regional governors (Golosov, 2011) and mayors of large cities was severely decreased. To put it bluntly, “growth coalitions” avoided competition in LRs due to co-optation or (more rarely) by the use of coercion, while the growing local markets brought mutual benefits to all members of “growth coalitions”.

The building of a power vertical in the 2000s not only strengthened the institutional foundations of these LRs and contributed to their consolidation, but also offered new incentives for key local actors, first and foremost, in the process of their interactions with the federal Center (Sharafutdinova, 2010a). These incentives included not only threats of selective top-down punishment of local actors (Petrov, 2007) but also the provision of various benefits to them by the Kremlin (Gel'man, Ryzhenkov, 2011). As Barbara Geddes (1994) noted, in authoritarian regimes incentives for active involvement in reform policies are provided not only because of the direct control of dictators over elites and the use of punishment for their poor performance, but also because of the abilities of political leaders to allocate resources and privileges among elites to achieve the regime's policy goals. The convergence between the policy goals of authoritarian rulers and subordinate actors (including local ones) implies that the rulers have to provide loyal elites power, status, wealth, and career chances, as incentives for more efficient achievement of the regime's policy goals (Geddes, 1994: 193-194). In the context of building the power vertical in Russia, similar incentives were provided to actors of the LRs in Russia's regions and large cities. Thus, an analysis of the patterns of politics and governance of Russia's LRs should focus on the context-bounded process of “production” of these incentives.

In fact, to maintain both the loyalty and the governability of LRs within the framework of the power vertical, the federal Center needed to offer local actors juicy carrots rather than hard sticks. Even though during the stage of monopolization of power and recentralization of the state in the early 2000s, the Center relied upon the top-down pressure towards local actors, the power vertical later came to demonstrate more flexibility over maintaining local politics and local governance. This shift has been caused by the rise of agency costs within the administrative hierarchy and the further deepening of the principal-agent problems (Sharafutdinova, 2010a; Gel'man, Ryzhenkov, 2011). In other words, the

federal Center either have to invest tremendously huge efforts into systematic control over performance of lower echelons of the power vertical or use its leverages of power towards regional and local officials on rather selective and tricky way. The strict following of top-down hierarchical relations against the interests of the lower echelons of the power vertical would require from the Center the punishment of local actors for virtually all instances of wrongdoing, misbehavior, and poor political and/or government performance. In theory, one can imagine that the Center would systematically use repressions toward lower-level officials of the power vertical. However, despite the numerous cases of forced resignations of regional governors and city mayors, the hierarchy of the power vertical is far from an army-like chain of commands, and it operates according to a different logic.

The popular argument about the power vertical as merely a tool of subordination of the LRs to the federal Center (Petrov, 2007), is only partially true. Rather, the understanding of the logic of the power vertical should take into account its multiple internal contradictions (one might consider them in terms of “zigzags” within the hierarchy), and it is worth analyzing not only from a normative critique but also through the lens of positive political economy. If, following Geddes (1994: 193), ‘the central problem for authoritarian regimes is the creation of an appropriate set of incentives to shape behavior of their own officials’, the power vertical should be considered not only as a tool of maintaining loyalty and governability of low-level officials by the threat of imposition of top-down sanctions, but also as a stimuli for LR actors through the use of selective informal incentives. Local actors served the Center’s interests mostly because their inclusion into the power vertical rewarded them with extra benefits due to receiving some exclusive gains, unavailable and ineligible for those actors who were not included in the power vertical. The major condition for local beneficiaries is that their opportunistic behavior should not prevent the Center from achieving its strategic policy goals. Thus, the dual system of local governance which serves the interests of both local actors and the Center has emerged within the framework of the power vertical.

In the most general sense, the Center’s goals included the preservation of a stable economic and social order, in which the ruling group runs unchallenged and maintains the relative well-being of the population-at-large and the patronage over targeted social groups. For example, Denis Tev in his analysis of the emerging “growth coalition” in St.Petersburg noted that ‘under conditions of political centralization in Russia, especially after the shift from popular elections of regional executives... to presidential appointments, the agenda of local elites were defined by strategic goals of the federal Center, and that economic growth plays a primary role among these goals’ (Tev, 2006: 104). His analysis convincingly demonstrates that the active policy of urban development brought major benefits to the city leadership and

their allies – not only because of implementing strategic goals of the power vertical but also because they coincided with the self-interests of local actors. Thus, LR achieved those goals, which were set up by the Center, and its rulers also were able to pursue their own selfish interests.

In the early 2000s, during the first stage of the “federal reform” (Reddaway, Orttung, 2003-2004), these goals were pursued by the policy of centralization of resources and the decline of autonomy of subnational *governments and institutions*. However, in fact the Center granted autonomy to specific *actors* included in the hierarchy of the power vertical. The Center built the power vertical using the informal institutionalization of political rents, which were divided between actors of the LRs and the Center itself. In the 1990s, this type of principal-agent relationship between the Center and LRs was unfeasible due to the economic recession and the lack of political resources. Even if the Center was able to defeat the LRs politically, it could not offer their actors sufficient rewards for their loyalty. This is why local actors in the 1990s often ignored the Center’s requests, and arbitrarily grabbed, appropriated and used major resources. But during the 2000s when the formal and informal autonomy of the LRs was diminished, if not eliminated, the Center was able to reward loyal and capable local agents systematically and to successfully motivate them to serve its interests.

If the Center’s requests were satisfied and the LRs of growth and development performed successfully, it enabled stability and legitimacy for both the LRs and regime in the country as a whole. Subordinated local actors could pursue a broad range of their self-interests, especially given the poor protection of property rights in Russian regions and cities, which had forced local businesses to seek close informal connections with local authorities (Yakovlev, 2006). The economic growth and rising consuming demands increased profitability for local businesses. But these profits were used not only for the expansion of business as such but also for the protection of private property through investments in the public ventures of regional and local authorities (including major developmental projects) as well as in their own private enterprises. One should not consider these private interests of public officials just as a systematic distortion of local governance. Indeed, these practices of governance (both in the LRs and in the country as a whole) served as the major foundation of the *strong Russian state*. It maintained and developed the state capacity of the economic and social orders at the local and nation-wide levels (Gel’man, Ryzhenkov, 2011). In this capacity the Russian state serves both the collective interests of the insiders of the power vertical as a group (or, rather, as an estate), and the private interests of owners of private resources, which played a major role in local economic development.

In its quest to maintain the loyalty of local actors, the Center was forced to use both carrots and sticks. The multiple tools of control included not only appointments, dismissals, and replacements of

regional and local officials, but also the exclusion of some actors from participation in elections and “contract-ordered” criminal investigations against disloyal politicians, officials, and business people. Given the fact that almost all actors of the LRs pursued their private interests in local politics and governance, these instruments not only maintained their loyalty to the power vertical, but were also used by the Center as an additional mechanism of control. Almost every local actor could easily be accused of criminal acts, and the threat of criminal prosecution was an even more efficient tool for maintaining control than its actual use. Consequently, local actors were genuinely interested in the successful implementation of political and policy tasks which served both the Center’s goals and their own self-interests. Yet, top-down punishments of local actors from the Kremlin took place under two circumstances: either because their rent-seeking activities contradicted the Center’s interests or (more rarely) because their poor performance undermined the legitimacy and stability of the LRs and to some extent that of the Center.

Challenges and Responses

The emerging model of politics and governance in Russia – both at the level of the LRs and at the national level – is typical for authoritarian crony capitalism but demonstrates certain special features. Adam Przeworski pointed out three interrelated principles of interactions between the “power apparatus” (i.e., political leaders) and subordinate actors (including local ones) under authoritarian regimes (Przeworski, 1991: 48): (1) the existence of some room for maneuver for agents but undisputable punishment for actions which violate the principal’s interests; (2) the status of the principal as a virtually unlimited supreme ruler, who is able to impose arbitrary evaluations and decisions; and (3) the specific divisions within the “power apparatus” into competing cliques. The strong impact of the first and the last condition on the power vertical in Russia is undeniable. From this perspective, local politics and governance in Russia fits the following criteria: ‘...instrumental action under authoritarianism is limited to cases in which those actors who enjoy room for maneuver know that the power apparatus is indifferent to some outcomes... Acting instrumentally makes sense for them only if they know that the power apparatus will not punish them for their actions and that it can tolerate the outcome they want’ (ibid.: 48).

In a very minimal sense, the Center requested from the lower echelons of the power vertical two basic things. First, the maintenance of socio-economic stability, which requires not only the use public funds but also the appropriation of resources of private business for the purposes of local social development. If local officials are able to achieve public policy goals, the Center is tolerant not only with

regard to their pursuit of private interests but also in the choice of methods which they use to achieve their goals. The genuinely patrimonial type of subnational governance currently in operation in the Chechen Republic is probably the most notorious example, but it certainly is not unique in this respect.

The other important request from the Center to the LRs is the achievement of electoral results as set up by the Kremlin as well as the prevention of mass protest activism. Since the planned voting results are sent by the Kremlin to the LRs well in advance of the polls, the capacity of local actors to bring the required share of votes is the key criterion which is used to measure their political efficiency. This fact contributed to the spread in scale and scope of electoral fraud. A number of observers argued that by 2007-2008 Russia's LRs turned from *unfree elections* (with systematic exclusion of disloyal and/or independent parties and candidates) to *fake elections*, where local electoral commissions officially submitted requests for the achievement of specific electoral results regardless of the actual voting behavior of their citizens (Mebane, Kalinin, 2009). Even though regional and local actors pursue their own goals in the wake of election campaigns, the risks of punishment from the Center for "inappropriate" results provides them with additional incentives for fraud.

Authoritarian divisions within the power vertical meant neither the separation of powers nor the existence of open intra-elite conflict between organized political factions. Rather, these divisions implied behind-the-scenes competition between various cliques for their influence on key decision-makers and for informal positions on key arenas of politics and governance. Russia's LRs demonstrated similar trends, including the relationships of their actors with the Center. The competition among cliques within the power vertical (both at the same level of government and between these levels) for extraction of rents became an inherent feature of Russia's LRs; a side effect of the informal distribution of rights between local agents by the Center as a principal. Yet, these divisions undermined the Center's capacity to control local agents. The Center was forced to limit the struggles between local cliques in order to diminish its agency costs, because this hidden and informal competition of local actors worsened the quality of local governance. Thus, the Center required that United Russia, besides performing its core functions, should establish and maintain a kind of corporate solidarity within the power vertical,⁷ but in fact the "party of power" is unable to reduce 'the incidence of members taking advantage of their official positions to

⁷ Actually, the Communist Party of the Soviet Union performed similar functions of local governance during the Soviet times (Rutland, 1993). But while the Communist Party was the major actor, which exercised the unchallenged control over the state apparatus and could impose sanctions for violations of formal and informal "rules of the game", today the role of the "party of power" in local politics and governance is quite limited. In fact, most of the local branches of United Russia are just one of several competing cliques of LRs.

pursue personal gain' (Geddes, 1994: 194), although this task is at least openly stated as a part of UR's agenda. In a more general sense, these "zigzags" within the power vertical are unavoidable side effects of the lack of competitive elections.

The other feature of authoritarian division within the "power apparatus" is related to the fact that the LRs are also affected by sectoral "power verticals", which link local actors to certain patrons at the level of federal authorities or even at the top leadership. This mechanism played a powerful role in the informal system of local governance because it could not be bypassed in the process of appointments or dismissals in the lower echelons of the power vertical and it is important for the survival of LR actors in their behind-the-scenes struggle against powerful competitors. The Center made the key decisions on appointments, dismissals, and replacements at the very top level under the influence of a number of factors. They included, inter alia, the maintenance of the balance between sectoral "power verticals" and cliques and the use of a "divide and conquer" strategy as a tool of prevention of open intra-elite conflicts. This approach was vividly illustrated with the removal of some long-standing regional leaders (such as Murtaza Rakhimov and Yuri Luzhkov), who not only lost their powerful positions by being replaced by new Kremlin's appointees, but also lost their control over local assets, which were claimed by several major nation-wide financial and industrial groups (Sharafutdinova 2010b; Zubarevich, 2010).

To summarize, the evolution of Russia's LRs during the process of the centralization of the state and their functioning in the political context of authoritarianism developed under the hierarchical model of local politics and governance within the framework of the power vertical. Moreover, the Center provided various yet contradictory incentives for local actors against the background of the co-existence of both distributional coalitions and "growth coalitions" in local regimes of Russia's regions and large cities. The major features of the evolutionary trajectory of Russia's LRs are outlined in Table 1.

[Table 1 is here]

The formation of Russia's LRs in the 1990s and the 2000s faced multiple conflicts amongst their actors, and the building of the power vertical by no means resolved them successfully. Rather, these conflicts have routinized themselves, and their political content was replaced by an administrative form of "bargaining" over the redistribution of rents (Shirickov, 2010: 178-179). But this mechanism of local politics and governance proved itself vulnerable to exogenous challenges, as the experience of the 2008-2009 economic crisis and its aftermath illustrates. In fact, these developments posed the question to what

extent the power vertical could be adjusted to changing external conditions without major revision of its foundations.

The impact of actors on the performance of LRs was limited in comparison with their structural characteristics and political opportunities. Similar to the spread of LR “growth coalitions” which were driven by economic growth and the increase of rents, the crisis of 2008-2009 contributed to the revival of distributional coalitions (Zubarevich, 2010) – not only in crisis-ridden regions and mono-industrial company towns but also in some previously successful LRs of growth and development. The structural characteristics of LRs, on the one hand, and the systematic diminishing of their political opportunities, on the other, led to a shrinking of their resource base and a revival of LRs of the maintenance of the status-quo. This is not to say that the evolution of Russia’s LRs has fundamentally shifted. Rather, these two types – LRs of growth and development and LRs of the maintenance of the status quo – are coexisting simultaneously in the same regions and large cities. But this coexistence is far from peaceful and it has been accompanied by a new wave of conflicts amongst local actors. Moreover, the preservation of the current “rules of the game” and the transfer to LRs the headache of crisis-driven costs – both political (the threat of intra-elite conflicts and mass protests) and economic (the deficit of local budgets and further rise of tariffs, especially housing costs) – became the major priority of the Center’s policy towards LRs. This policy contributed to aggravating the key problems inherent in the model of local politics and governance in Russia due to the decline of positive incentives to local actors provided by the power vertical. In terms of local politics, these problems contributed to:

- (1) the rise of intra-party competition within UR (especially in elections of mayors of large cities, where its candidates competed with each other for shrinking sources of rents),
- (2) the increasing top-down pressure on large city mayors (which were the “weakest link” of the power vertical nearly by default) in various forms, ranging from forced resignations to “contract-ordered” criminal investigations, and new attempts to replace elected mayors by hired city managers, which led to a further decline of local political and economic autonomy and contributed to the institutional decay of LRs;
- (3) the Kremlin’s proposal for the mandatory use of proportional and/or mixed electoral systems in all large municipalities (over 30,000 voters) in order to exclude intra-party competition within UR and to replace it with cartel-like deals inside the “party of power” – even if that results in the “privatization” of the local branches of political parties, including UR, by key local economic actors (Kynev, 2010).

In sum, the corrosion of the power vertical from within became a side effect of preserving the monolithic unity of the power vertical at any cost, which also contributed to the rise of principal-agent problems between the Center and LRs.

Contrary to the expectations of a number of observers, the crisis of 2008-2009 and its aftermath have not caused (at least, as yet) a major internal challenge of uncontrolled public involvement in Russia's LRs in a form of non-conventional mass participation. Even in the 1990s, the protest activism at the local level was primarily a function of struggles among elites (Robertson, 2007). The period of the 2000s brought few new colors to this picture. Even though the wave of protest actions in 2008-2009 was rather large-scale, it barely affected LRs and did not change the configurations of local actors and institutions as well as the mechanisms of local governance. The potential of protest mobilization was limited to local "rebellions", while the organizational weakness of protest social movements, constrained by political opportunity structures at the level of the LRs and in the country as a whole, did not allow spotty local protest initiatives to resolve collective action problems and, further, it prevented their coordination. Meanwhile, most of these local protests could be labeled as NIMBY ("Not In My Back Yard"), which were oriented toward partial solutions of local issues on a case-by-case basis, rather than toward reforms of the LRs as such (Belokurova, 2010). No wonder that the rise of these protest movements did not pose major challenges for the LRs. As a rule, they were either co-opted by the ruling groups, who partially satisfied requests of protest groups or were coerced due to the pressure of authorities to local activists. Thus, trends of local protests could not develop beyond some uncontrolled "rebellions". It is not surprising that new local actors, who would be able to systematically challenge established LRs, did not emerge in Russia's regions and cities. One might expect that the preservation of the current political opportunity structure at the level of LRs and in the country as a whole will prevent changes of patterns of mass participation in Russia's regions and cities. Furthermore it is no wonder that the growing potential of the formation of possible alternatives to the existing LRs remains poorly mobilized.

One might draw certain parallels between the Soviet system of territorial politics and governance in the 1970s – 1980s and those within the contemporary power vertical in Russia, especially given the aggravation of the principal-agent problems. The aspiration of the Center to impose social costs to local actors against the background of declining positive incentives to their loyalty, the selective transfer of resources and powers to several leaders of LRs, the taboo on open political contestation and the rise of agency costs of centralized control to a prohibitively high level resemble the power vertical in the Soviet Union of 30-40 years ago (Rutland, 1993). Yet, the Soviet system of territorial governance was not

improvable; indeed, it was eliminated at last. In light of this experience, attempts of a partial revival of late-Soviet practices of local politics and governance in Russia's LRs in the 2010s seem at least as dubious.

An Agenda for Tomorrow?

Recent studies of urban regimes in Western Europe and North America tend to be actor-centered and merely focused on the composition and interests of local coalitions and their developmental strategies (Mossberger, Stoker, 2001; Stone, 2005). Even the early US experience of machine politics and crony capitalism during the period of "gilded age" is largely considered just as a developmental stage toward modern patterns of subnational politics and governance (Banfield, Wilson, 1963; Scott, 1969). Alternatively, some comparative studies of local politics and governance in countries of West Africa (Boone, 2003) and Latin America (Gibson, 2005; Gervasoni, 2010) convincingly demonstrated that the nature of their evolutionary trajectories is path-dependent and often self-enforcing even regardless to the changing nation-wide political and economic contexts. Although the framework of analysis of politics and governance in Russia's LRs outlined above combines both scholarly perspectives, the key role of structural conditions and political opportunities in their developments is undeniable. Also, one should note that the embeddedness of institutions of LRs is entrenched not only due to the complex legacies of the Soviet period (Gel'man, Ryzhenkov, Brie, 2003) but also due to political consequences of reforms of the 1990s and the 2000s (Goloso, 2011). While the power mechanisms of most of Russia's LRs are rather self-enforcing, attempts of their consolidation and cooptation of LRs into the power vertical dooming Russia's LRs on the preservation of subnational authoritarianism (Gel'man, 2010) and crony capitalism (Sharafutdinova, 2011) nearly by default.

Still, existing LRs are perceived by the federal Center as imperfect – at least, in terms of local governance. Apparently, the Kremlin is oriented to the improvement of quality of governance and the rise of performance of the LRs. It is important for the Center not only in instrumental political terms, even though the popular perceptions of the efficiency of LRs will enhance their legitimacy (as well as the legitimacy of Russia's nation-wide regime) but it is also important due to the Center's strategic policy goal of economic modernization of Russia and its regions and large cities. But it is doubtful that the Kremlin will curb opportunistic behavior of actors of the LRs within the framework of the power vertical. Furthermore, the decline of resource rents and unclear prospects of economic growth poses a new difficult dilemma for the federal Center. Further centralization of economic resources would diminish the share of

rents of local actors. Thus, the Center should either toughen its control over LRs or provide them with new sources of rents in order to maintain the loyalty of local actors. In this respect, the Center's policies will forcefully drive subordinated actors to cooperate with the Center in order to establish new (or to revive previous) growth coalitions and to pursue more active local developmental policy in order to continue rent extraction on a new bases. This evolution of LRs in Russia's regions and large cities will bring benefits to both the federal Center (who is interested in further economic growth) and to local actors (who are interested in the preservation, if not in an increase in their rents). The point is that now local actors have to invest more effort into local development in order to achieve their opportunistic goals. But despite the convergence of public interests and the self-interests of local actors in developmental evolution of the LRs, the power vertical provides more incentives for short-term rent-seeking rather than for growth-oriented policies of the LRs (which, from their perspective, in the short term could bring more rents to local actors). Also, the Center's interest in preserving the status-quo in local (as well as nationwide) politics led to the reproduction rather than the circulation of local elites and contributed to the survival of incumbents regardless of their performance: even though the Center would like to improve the quality of local governance, the power vertical inhibits these changes. Given the fact that the Kremlin is more or less satisfied with existing political and economic order and has no incentives for launching major political and institutional changes, one might expect that the current state of local politics and governance in Russia's regions and large cities will survive over time, at least, in the short run. But what might we expect for the future of LRs in Russia?

Yet, up until today the power vertical was able to diminish recent challenges to the LRs. It also postponed their risks but contributed to the further degradation of local politics, the continuing decline of quality of local governance and the deepening principal-agent problems for the sake of the preservation of the status-quo in subnational as well as in national politics. But in the short term, some structurally-induced contradictions of LRs are likely to increase due to the influence of several factors:

- (1) the declining amount of rents at the local (as well as national) level of governance and an even more intensive struggle for its redistribution;
- (2) the rising tensions between distributional coalitions and "growth coalitions" within the LRs;
- (3) the rising demands of the growing urban middle classes for improving the quality of local governance and for reforming local politics, which possibly (although not necessarily) might gradually contribute to the further formation of the twentieth-first century equivalent of a progressive/reformist movement in Russia's regions and large cities (similarly to American cities in the early twentieth century).

These changes and contradictions are driven by the general logic of modernization processes in Russia's regions and large cities and the structural conditions of Russia's LRs. Although the existing political opportunities of the power vertical are oriented toward the prevention of this kind of development of the LRs (as well as in the country as a whole), the aggravation of these conflicts and contradictions in Russia's LRs is merely just a matter of time. As yet, it is unlikely that the federal Center will transform LRs in Russia's regions and large cities to success stories of subnational "authoritarianisms of development", which may overturn their current trends of "dictatorships of stagnation". If so, one should not expect that the constellation of subnational authoritarianism and crony capitalism will bring sustainable growth and development to Russia's regions and large cities in the long haul.

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Table 1. Major features of evolutionary trajectories of local regimes in Russia’s regions and large cities

Period	Nation-wide economic context	Nation-wide political context	Political opportunities	Center’s policies towards local regimes	Patterns of local politics and governance	Major actors of local regimes
ca. 1970s-1980s	Economic stagnation	Communist regime	Narrow, closed opportunity structure	Centralized hierarchy, the rise of principal-agent problems	Maintenance of the status-quo, centralized party-based subnational authoritarianism	Local officials and sectoral branch agencies (localism and departmentalism)
ca. 1991-1998	Transformation recession	Inconsistent and partial democratization	Widening, unclear “rules of the game”, power grab by local elites	Major decentralization	Maintenance of the status-quo, in some regions and cities – the emergence of ‘crony capitalism’, political diversity of LRs, trend toward decentralized subnational authoritarianism	Various segments of local elites and their subordinates, the predominance of distributional coalitions, in some regions and cities – the emergence of growth coalitions
ca. 2000-2008	Rapid economic growth	The rise of authoritarianism	Shrinking, building of a “power vertical”	Recentralization, the rise of principal-agent problems	The rise of growth machines in most large cities, trend toward centralized party-based subnational authoritarianism	Various segments of local elites and their subordinates, large nation-wide companies, the rise of growth coalitions in many regions and cities
2010-?	Unclear economic prospects	Consolidation of authoritarianism	Narrow, closed opportunity structure	Strengthening of the power vertical, the aggravation of principal-agent problems	Parallel trends of growth and maintenance of the status-quo, centralized party-based subnational authoritarianism	Large nation-wide companies, various segments of local elites and their subordinates, coexistence of growth and distributional coalitions