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# **Words or Deeds – What Matters? Experience of Recentralization in Russian Security Agencies**

by

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Although decentralization is often modeled as an outcome of bargaining over rents and policies, intuitively it seems possible that public statements, symbols and status often have a great impact on this process. The paper studies the relative importance of the “real” political actions versus the changes of symbolic nature in the bargaining over devolution and secession, using the unique laboratory of the personnel recentralization in the Russian security agencies in 2000-2007. While in the 1990s regional branches of federal ministries were mostly captured by regional governors, in 2000s Putin replaced the heads of agencies by new bureaucrats, cutting the connections to the region. The paper finds a robust influence of symbolic gestures made by regional governments in the earlier bargaining process on appointments, even if the actual devolution policies did not matter. Symbolic actions seem to play a crucial role in the decisions in this highly sensitive area.

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## 1. Introduction

The games of devolution and secession are rarely simply an issue of the distribution of economic resources and rents, as it is assumed in many economic models, starting from the seminal paper of Buchanan and Faith (1987). In fact, politicians seem to pay even a greater attention to “symbolic” gestures in negotiations – for example, public declarations of independence and sovereignty or renaming local political institutions to resemble those of “mature” nations - than to real re-allocation of control. In many cases “hidden” redistribution of power is tolerated by the central government, but open statements are suppressed with brute force – although there are no changes in terms of economic resources and authorities. Stated otherwise, ego-rents outweigh “measurable” resources in these conflicts. It may take extreme proportions: for example, mainland China invests significant effort to prevent the “formal” secession of Taiwan (i.e. declaration of its independence from the Republic of China) – although one can hardly expect this hypothetical event to make a significant difference in terms of Beijing’s current ability to influence the decisions made in Taipei. On the other hand, the secessionist movements are often motivated not by desire to change the actual allocation of rents and resources, but rather by issues of symbols and status. The importance of symbols may be one of the reasons why political conflicts between the central government and the regional administrations are systematically associated with significant costs in terms of resources, but also often human lives. Abbink and Brandts (2007) show in an experimental paper that in an environment where an arrangement between the central and the regional governments, which should prevent violent and costly conflict, is possible, subjects still act in a way leading to a substantial amount of fighting.

However, while the importance of symbols and emotions in the secession and decentralization cases is hardly in dispute, their relative role as compared with the “calculable” gains from resources and power is extremely difficult to study empirically. The importance of the “psychological” value of the land has been recognized in the secession studies (e.g. Toft 2003). Young (2004) demonstrates that discussion of secessions often either over-value the “redistribution reasoning” underlying these conflicts, or “give up” by describing secessions as products of emotions and passion. Devolution stories are often very similar. The relative importance of “real world policies” and “symbolic gestures” as reasons for fighting the secession is in dispute even in the well-studied conflicts, like the American

Civil War (see Liscow, 2007, for the literature review). This paper makes an attempt to empirically differentiate between the effects of these distinct motives in the decentralization bargaining, looking at the re-centralization in the Russian Federation under the president Vladimir Putin and using a unique dataset on personnel of regional branches of Russian security agencies from 2000 to 2007. Russia provides a unique setup of a laboratory, where all the moves of the parties can be measured and observed, and the timing of events allows finding out clear causal links.

Since its very establishment in 1991, Russia developed as a dual federation: functions reserved to federal government, but requiring presence of the central officials in the regions, were implemented by the regional branches of the federal agencies rather than delegated to regional governments. Hence, most Russian ministries and governmental bodies exhibit a large network of regional offices. Nevertheless, during the 1990s a common problem of these structures has been the “capture” of branches of federal agencies by regional governments: officials of the federation were poorly paid and weakly supported by the center, and at the same time remained in a particular region for decades, thus creating excellent opportunities for regional governors to establish informal relations by providing benefits and protection – as it has, in fact, been practiced even in the Soviet Union of the post-Stalin era (the problem of choosing between appointing outsiders or home-grown cadres has been serious already for the Soviet leadership, see Konovalov 2004, 2006). Vladimir Putin after his election to the presidency in 2000 considered his priority objective to “clean up” this patronage system, partly by replacing the officials from the regions by new appointees, usually with very limited connection to their new territories.

The paper looks at the outcomes of this policy, focusing on probably the most sensitive part of governmental functions in Russia – police and internal security service. These structures are especially important in order to maintain the territorial integrity of the federation – a problem which has been considered as non-trivial during the first decade after the collapse of the Soviet Union and an often claimed priority for the Putin’s administration. In particular it tests whether federal government in its decisions focused rather on *public claims* the regions made about their desire to achieve higher autonomy or on the real *actions* of the regional governments. The results are mixed and depend upon the security agency in question; however, for at least one of three agencies studied I find strong evidence

that the public claims had a significant impact on personnel decision making even after controlling for real actions, while the latter turn out to be insignificant. Paraphrasing the title of the paper, words matter more than deeds. The result is very robust to model specification and estimation method.

The paper is to our knowledge one of the first attempts to explicitly contrast the role of symbolic actions and real re-allocation of resources in a game of decentralization using econometric evidence rather than case studies or experiments. In a way, the paper contributes to the growing quantitative literature on the determinants of decentralization in federations (e.g. Panizza, 1999; Arzaghi and Henderson, 2005; Treisman, 2006; Feld et al., 2008); however, unlike almost all papers in the area, its reasoning is driven by the attempt to explain the “supply” of autonomy by the federal center rather than the “demand” of the regional governments. Thus, it looks at a previously rarely discussed aspect of the problem. It is well-known that decentralization in federations has a variety of dimensions, which may or may not correlate to each other (Treisman, 2002; Blume and Voigt, 2008). One almost always ignored aspect of decentralization relates to the ability of central government to control regional governors. However, treating this dimension seriously can often result in complete re-evaluation of the decentralization practices: for example, unitary states may turn out to be extremely decentralized (if the central government is weak or strategically prefers limited intervention in the regional affairs), or, on the contrary, strict control over appointment policy can effectively counteract formal decentralization. This is exactly what has been shown in the to our knowledge unique examination of informal appointment practices in the context of decentralization by Sheng (2007), who looks at the Chinese provincial governors. In addition, several papers (Chebankova, 2006; Goode, 2007) look at the appointment of Russian governors after the free elections in 2004 were abolished (though without developing a full-fledged econometric strategy). These studies, however, did not look at the possible differences between “words” and “deeds” as this paper does. In addition, one could relate our results to a larger problem of the impact of non-credible threats on political bargaining, as it will be shown in what follows.

The paper is thus organized as follows. In the next section I discuss the institutional setup of this study and also specify the empirical design. The third section provides an overview of the data and econometric strategy of this paper. The fourth section reports the results. The fifth section looks at a

number of extensions and robustness checks. The sixth section provides a discussion of the main findings. The last section concludes.

## **2. Informal decentralization in Russia**

The development of the Russian Federation in the 1990s can be described by two contradicting trends. On the one hand, the structure of Russian fiscal and regulatory federalism established in the early 1990s implied the creation of a highly centralized federation. Federal government had an almost unique authority over collection of taxes and decisions regarding tax rates and bases; in most areas of regulation regional administrations were restricted by detailed federal standards, which were to be implemented by regional branches of federal services. At the same time, the weakness of the central government allowed the regions to implement a variety of measures of *informal decentralization*, resulting in de-facto shift of fiscal revenue and regulatory power in their favor (Bahry 2005). Probably, the most notorious example of this policy was the so-called “war of laws”: regional parliaments and governors issued their own acts in a variety of areas of regulation, directly violating federal law (see Stoner-Weiss, 2006). In order to implement this regional legislation, control over courts and police was required; however, these agencies remained de-jure part of the federal administration. Hence, it was publicly perceived that regional governments attempted to “capture” federal agencies by establishing informal ties with their directors and providing additional benefits (e.g. housing assistance) (Enikolopov et al., 2000). Thus most regional governments indeed managed to set up a large portion of acts contradicting the federal law without any interventions from the federal administration, see *Figure 1*.



nors, see Ross, 2003) were implemented. First, Putin called for preparing an “inventory” of regional legislation in order to find out its conformity with the federal law. The task was originally assigned to a special committee, but was later transferred to the Ministry of Justice. During the first half of the 2000s the federal government was able to establish the so-called Federal Register (*federal’nyi registr*), or catalogue of regional acts (both of the legislatures and of executive bodies, but incorporating legal norms), which were then categorized as “conforming” and “non-conforming” to the federal law (according to the decision of the experts of the Ministry). Based on this information, the federal administration initiated a number of lawsuits aiming to remove at least the most obvious violations of federal law; eventually, a number of decisions of the Constitutional Court and other courts, as well as continuing pressure on regional governments indeed allowed his administration to close the gap between the federal and the regional law (Kahn et al., 2009).

The second part of the reform agenda included the systematic changes in the personnel policy for the regional branches of federal agencies. In particular, Putin supported a much stronger monitoring of regional part of federal bureaucracy by central agencies, as well as gradually replaced the heads of the federal agencies in the regions. A probably most suitable example is the federal Ministry of Interior (which is in Russia responsible for police): in 2001 it changed the heads of its regional branches in 7 regions; in 2002 it were 13 regions, in 2003 25 regions and in 2004 22 regions. The appointments supposedly focused on replacing people with long-term connection to the region (often working there for decades or even coming from this region originally) by people without close ties to the territory – and therefore less likely to be captured by regional governments (Voronov, 2005). However, the appointment policies differed significantly in various regions: while in some cases presidential administration preferred a prompt and radical solution, other directors of regional agencies maintained their position.

It is possible to hypothesize that the appointment decisions could be driven by one of two contradicting approaches. On the one hand, it seems to be reasonable to appoint bureaucrats with limited local connections to potentially more “dangerous” regions with strong bargaining power. In this case the federal administration receives an opportunity to exercise stronger control over regional legislation in territories where regional governments are especially powerful and hence prone to implementing



their own policies. However, on the other hand, there are reasons to be more cautious in appointment decisions for these influential regions with governors able to offer resistance to new officials. In particular, absence of cooperation of the government could become de-facto a major problem for any federal agency operating in the region; moreover, these strong governors usually also have significant influence on the federal level, which certainly decreased during the Putin's rule, but never became equal to zero. It should be noted that the power of governors has been often based on strong connection to major business groups in the region, as well as (at least in the most influential cases) indirect and even direct control over attractive assets. Hence, federal government could prefer "pacifying" these regions by either maintaining old personnel or replacing old bureaucrats with the new officials, which still had strong ties to the regions. On the other hand, in order to justify the publicly announced program of supporting the "unity of the legal space" of Russia, federal government could become much more aggressive by appointing officials in regions with lower bargaining power and weaker governors – basically, looking for scapegoats.<sup>1</sup>

The appointment decisions of the Putin's administration give me a unique opportunity to study the impact of symbolic gestures and real policies – i.e. "words" and "deeds" - on the political decision-making, as well as to generally analyze the logic of "appointment decentralization" in federations with strong hierarchical structures. In this paper I use a dataset of Petrov (2009) based on biographies of the heads of main Russian security agencies in the regions. The dataset contains observations for almost all Russian regions for two points of time: January 2000 (the first month of Putin's presidency<sup>2</sup>) and July 2007, towards the end of the second term of Putin, when the personnel re-appointment wave was almost completed. The dataset includes three types of agencies in the most "sensitive" area of Russian politics, which is undoubtedly security: (1) Ministry of Interior: as mentioned, in Russia this institution has the functions of a "ministry of police"; (2) Office of the Prosecutor (*prokuratura*), which is entrusted not only with prosecution in courts on behalf of the state and supervision of the observance of

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<sup>1</sup> These two logics of behavior: punishing vs. pacifying the influential regional governors – have already been extensively studied for the logic of fiscal transfers of the Yeltsin government, however, different papers provide support for different results (Treisman, 1996; 1998; Popov, 2004; Jarocinska, 2004).

<sup>2</sup> Putin as the prime minister became president of Russia after Yeltsin resigned on December 31, 1999, since according to the Russian constitution in case of resignation of the president prime minister accepts this office for a limited period of time before new elections. The elections were held in March 2000.

law, but also had (until recently and throughout the period of the study) its own criminal investigation division, and (3) Federal Security Service (*FSB*), which is the main domestic security agency responsible for counterintelligence, counter-terrorism, anti-corruption and organized crime affairs.

Of course, analyzing any limited number of agencies raises the question of external validity of my findings. Russian political system already includes numerous administrations, so it is not trivial to ask whether the effect observed “just for some of them” has any general importance at all or rather represents a pathological case. However, one should bear in mind that the Ministry of Interior or the *FSB* is not “just” any agency: the security agencies are of much greater importance for the Russian central government than any other part of the administration. Thus, it should be the area where careful calculation and attention to the “true” processes rather than to rhetoric matters even more than anywhere else and therefore to make a “correct” decision. In any other, less important agency any result could be interpreted as just a case of “absent attention” of the federal center to the respective affairs. Hence, if there is an area of the political decision making where “words” should be irrelevant, it is that of the security agencies appointments – and if I confirm the opposite, it is a very strong result, since I subject my analysis to the “extreme-case” test.

Each observation (which is the head of a particular service in one of the Russian regions either in 2000 or in 2007) is coded from 0 to 3, according to the relation to the region. The rules for the coding are the following: 0 means “no connection to the region of any kind before the current appointment”; 1 “weak connections to the region”; 2 “born in the region, but mostly with working experience outside the region” and 3 “born in the region with long-term working experience in the region”.<sup>3</sup> Hence, it is possible to quantitatively assess the changes in the Putin’s personnel policy for regional branches of federal bureaucracy throughout his presidency. In what follows I will refer to this index as “**regional bias**” for the federal officials.

In order to measure the “symbolic” activity of the regional governors I use the *index of declarations of regional elites* developed by Dowley (1998). The index is based on the systematic account of public events with the participation of the regional governors; each event is coded from 1 to 5 de-

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<sup>3</sup> Since the typical mobility in the Russian bureaucratic hierarchy has been unidirectional and goes from the regional administration to Moscow, and not between regions or from Moscow to the region, it has been (before Putin’s reforms) relatively unlikely for a person not born in the region to work there for a long time.

pending upon the degree of autonomy claimed by the regional governor on this particular occasion (where, for example, 5 stands for pursuit of independence from the federation, and 1 for opposition to federal arrangement of any kind and call for a centralized state). The index is calculated for the period of 1991-1995 for all Russian regions. Given the time lag between the calculation of the index and the Putin's appointment decisions, one can, on the one hand, avoid the reverse causality (and hence claim that the endogeneity problem is irrelevant if all necessary controls are in place), and on the other hand, be sure that the federal government observed the information before the re-appointment decisions were made. Moreover, "words" per definition clearly represent just the content of the verbal communication, and hence rather potential and not the real political mobilization in favor of devolution, though the latter could be correlated with "words" (as I will debate in what follows).

As a measure of *de-facto policies* I take the *share of acts contradicting federal law in total number of acts passed in the region and examined by the experts of the Ministry of Justice* (the data is from Libman (2010), where all aspects of the index have been discussed in greater detail). It seems to be straightforward that this variable represents the "real" policy implemented by the region in order to achieve higher autonomy from the federation. Moreover, one can be sure that in this case regional autonomy is not simply based on exercising its residual power, when federal government is not interested in regulating the particular area, but implies direct violations of the regulatory environment deliberately set by the federal administration. Once again, since the Ministry mostly catalogued acts of regions in the 1990s, and after 2000s the conformity of regional legislation with the federal law was ensured, the reverse causality problem seems not to be present.<sup>4</sup> By construction (based on the information from the Ministry of Justice) one can assume that the *de-facto policies* were *observed* by the federal government alongside with the public claims of the early 1990s, and hence could be taken into consideration.

The relation between symbolic gestures and *de-facto policies* is in fact non-trivial. On the one hand, under Yeltsin the weak federal government aimed to form coalitions with regional governors, thus probably exchanging possibilities of the *de-facto* devolution for loyalist rhetoric (see Treisman,

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<sup>4</sup> Although in this case it is technically less straightforward, since the Register was created when Putin already became president during a couple of years, when old acts were included in the list alongside with the new ones.

1999). From this point of view, one could expect that the regions which are not so active in terms of making public claims in fact are “allowed” to pass a higher fraction of acts contradicting the federal legislation – or, on the other hand, that the public support of the president could be rewarded by providing benefits to governors, also in terms of “free hands” in the legislation (but also, maybe, federal grants and subsidies or higher quotas in state-owned resource enterprises and access to privatized assets). Then one could expect a negative correlation between these two variables. On the other hand, it is also possible that the share of legislation contradicting federal law represents the divergence in the preferences between the region and the federation in total, as well as the public activity – then a positive correlation becomes possible.

A simple graphical representation suggests that the de-facto policies and symbolic gestures are weakly positively correlated with each other (see *Figure 2*) – as one probably could expect; however, this effect vanishes if additional controls are taken into account.<sup>5</sup> What is particularly important for me is that the correlation between these two variables is not too high, and hence, they can statistically be treated as separate determinants of Putin’s re-appointment policies, which are at the core of this paper. A particular advantage of the case used in this paper is that the action and the reaction in the political bargaining process are separated by a relatively long time period of several years: “words” are said in the first half of the 1990s; “deeds” of the regional governors are made in the second half of the 1990s mostly; and reaction of the federal administration happens in the 2000s. Usually it is difficult to clearly identify the actions of political actors, since they happen roughly at the same time and the bargaining process is intransparent – so that only the results and not the moves of the players are observed. It is particularly true for non-democratic regimes.

Finally, as with other variables, it is not entirely clear whether high “words” or “deeds” variables should cause stronger centralization of the control over regional branches of federal agencies or, on the contrary, support the search for scapegoats. One could probably expect the federal govern-

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<sup>5</sup> It should be noted that both measures are not without caveats. As for the “deeds” variable, I am unable to differentiate the *severity* of the violation (whether it was just a technical remark or a fundamental difference) and the *importance* of the regional act violating the federal one – this information is not available. As for the “words” variable, I do not know exactly the media used to communicate their resolve by the regional governors, as well as cannot control for the “amount of communication”, i.e. not just “what was said” but also “how often and how much”, although it could also matter. However, even under these restrictions, the indicators seem to be of use for the purpose of this paper.



was replaced by a bureaucrats without any connection to the region (more “centralized” control over regional bureaucracy) and vice versa. A positive sign of covariates in the regression indicates that increase of this particular determinant leads to establishment of weaker federal control over region and vice versa. The dependent variable can be both negative (for example, if a bureaucrat with strong ties to the region – value of index 3 – was replaced by an external official – value of index 0) and positive. However, on average the variable is minus 1.3 for police, minus 0.4 for the FSB and minus 0.7 for prosecutors (see *Appendix A* for descriptive statistics), suggesting that the federal government rather increased its control over regional branches.<sup>7</sup>

Nevertheless, the specifics of the changes seem to be different for different security agencies. *Figure 3* provides a box plot for the regional bias values before and after Putin’s personnel policy. One can clearly see that for the Ministry of Interior originally most federal officials had at least some connection to their region before Putin’s reforms; after reforms the median bureaucrat does not have any connection to the region, but the share of those with connections to the regions is still substantial. For the Federal Security Service FSB the regional bias was much smaller in 2000; in 2007 the political bias is almost always zero with the exception of some outliers. Finally, for the Prosecutor’s Office the variation was significant both before and after Putin’s reforms. Interestingly enough, change in regional bias for three agencies is uncorrelated at 5% significance level, and therefore reappointments seem to be relatively independent of each other (thus, one can exclude the option of “hostage exchange”, when, say a FSB head loyal to the federal government is accepted in exchange for local prosecutor). The absolute level of regional bias for three agencies in 2007 is uncorrelated as well, in 2000 I find significant and positive correlation only for the Prosecutor’s Office and Ministry of Interior.

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<sup>7</sup> In addition to this specification, I have also estimated two regressions, where the explanatory variable is the level of the political bias in 2000 and 2007. the regressions basically confirm the outcomes of the previous sections: first, bargaining power variables can have both negative and positive effects on the regional bias, and second, I find impact of public claims on the regional bias for the Ministry of Interior (in 2007) and the Prosecutor’s Office (in 2000) and of the contradicting acts for the Prosecutor’s Office (in 2007) – so, in this case both “words” and “deeds” seem to matter for the re-appointment policies, but for different agencies. A detailed presentation of the results is omitted due the space constraints, but can be provided on request.

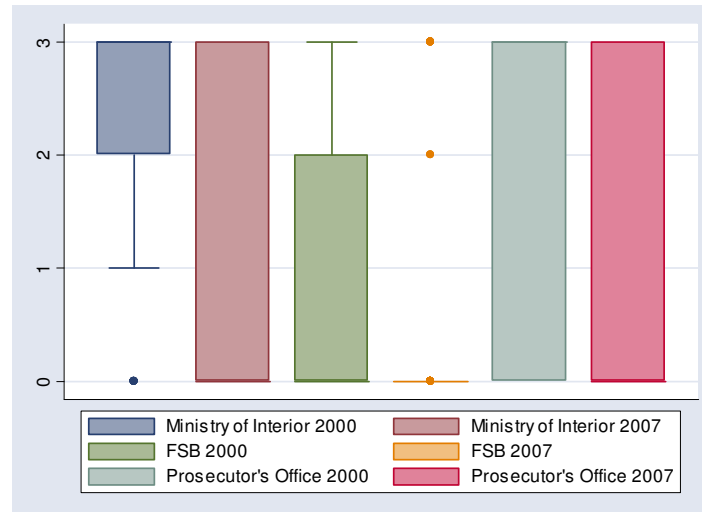


Figure 3: Box plot for regional bias index

Given the nature of the dependent variable, I estimate ordered logit regressions and check for proportional-odds assumption using a likelihood ratio test; as an additional robustness check OLS regressions are estimated. For OLS I also check for normal distribution of residuals using Jarque-Bera test; if it is significant I exclude the outliers until the normality hypotheses cannot be rejected, and analyze effects which remain robust after this procedure. The approach is just to ensure that the inference is based on correct statistical assumptions and almost never has any impact on the results (with the exceptions discussed in what follows). For ordered logit, if the proportional odds assumption is violated, I estimate generalized ordered logit, use for the interpretation the marginal effects at the mean of the sample and, once again, focus only the results which remain robust after this procedure. The estimations are done for each individual agency.

The right-hand side variables include, as noticed: (a) the index of declarations of regional governors; (b) the share of acts contradicting federal law in regional legislation and (c) a variety of other controls. These control variables are, for instance:<sup>8</sup>

- Measures of secessionist potential of the region – whether the territory could be considered a candidate for seceding for the federation. In order to account for this factor, I use three variables: (a)

<sup>8</sup> The descriptive statistics is reported in *Appendix A*.

geographical distance between the regional capital and the City of Moscow; (b) dummy for the border regions and (c) share of ethnic Russians in the total population of the region.

- Economic potential of the region, which could influence its bargaining power: I use, once again, three indicators: (a) size of the regional territory; (b) size of its population and (c) share of oil and gas extraction in the region in the total extraction in the Russian Federation.
- Legal status of the region: Russian Federation “inherited” from its Soviet past regions with slightly different status. In particular, some of the constituents of the Russian Federation (with a significant portion of ethnic non-Russian population traditionally residing there) are called the “republics”; although the current constitution proclaims equal rights of all regions, republics de-facto often claim a higher degree of autonomy and influence in federal affairs. Hence, I include a dummy for republics to check for this effect.
- Political regime of the region: it is possible that the appointment policy reacted to the desire to restrict the development of “isles of democracy” (or, on the contrary, suppress regional authoritarianism) rather than to bargaining power. Hence, I include an index of democracy developed by Moscow Carnegie Center (for 2000-2004) and based on expert opinion.
- An additional variable is a dummy for the Northern Caucasus region.<sup>9</sup> The reason for this special control is the “Chechnya factor”: Northern Caucasus has been treated (at least, informally) as a territory of special concern from the military point of view, what has to manifest itself in the appointments in security agencies (which also partly have been involved in open warfare in Chechnya in the 1990s, like the Ministry of the Interior, and still often engaged different military opponents in the 2000s). Thus, appointments in this small group of regions can be guided by a different factor than in the rest of the Russian Federation.

For all time-varying repressors I take the average between 2000 and 2006; this is mostly unproblematic because of limited changes in the values over time. One can clearly see that almost all variables included in the regressions are not subject to reverse causality (either by construction, or – as in case of population – due to relatively high stability of values). It is slightly more difficult with the index of democracy, but even this variable usually exhibits relative stability over time and therefore the endo-

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<sup>9</sup> Stavropol, Adygeia, Dagestan, Ingushetia, Kabardino-Balkaria, Karachaevo-Cherkessia and Northern Ossetia.



geneity problem is unlikely (though I will use some robustness checks for this matter in what follows). In the extensions I will also add a number of variables to the regression, which may be more susceptible to the problem of the endogeneity, but, on the other hand, represent several relevant aspects of the Russian political development.

Moreover, I estimate a specification where I also add an index of power of regional governor in 1995-2000 (Jarocinska, 2004), which may in fact have influenced the federal decisions – once again, one can assume exogeneity by construction of the index. The index, on the one hand, may be considered the most “straightforward” form to measure bargaining power of the regions (as opposed to indirect characteristics described above). On the other hand, however, power index can also be treated as a measure of *de-facto policies* (similarly to the share of contradicting acts), i.e. policy outcome rather than endowment (bargaining potential). Hence, any significant impact of this variable allows for multiple interpretations.

To conclude, there are two main research issues I have to look at while doing the inference. First, the main question of this paper is whether the “words” or (or, possibly, and) the “deeds” matter for the re-centralization. Hence, I discuss the significance of both respective variables, in particular if they both are included in the regressions. Second, the *sign* of significant control variables is able to show, whether the federal government was rather interested in restricting the activities of the strong regions, or in fact concentrated on the weak regions, thus creating a public impression of a re-centralization campaign, but not really involving itself in conflicts with strong governors. If the sign is positive, the federal government was more cautious in relations with strong regions; if it is negative, the opposite is true.<sup>10</sup>

#### 4. Main results

The results of the baseline specification for the **Ministry of Interior** are reported in *Table 1*, and immediately provide some surprising evidence. The de-facto policies of federal government are not significant; however, *declarations of regional governors matter for federal policy, even if one con-*

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<sup>10</sup> Most covariates increase in bargaining power of the region. The exception is share of Russians: larger variable indicates lower share of non-Russian population and hence lower bargaining power.

*trols for de-facto policies* (regressions (3) and (8)) and *relative power of governors* (regressions (5) and (10)).<sup>11</sup> Hence, the federal government seems to pay more attention to what regional governors said, than to what they actually did. It should be noted that although the words and deeds variables are somewhat correlated, including both of them in the regression does have almost no effect on the size of the coefficient as opposed to the case when only one of them is present: so, my results are not driven by multicollinearity. The positive sign of declarations is also worth noticing: the public claims seem to drive federal government to more cautious policies towards the regions, even if they are not related to the de-facto devolution. The statistical properties of the regressions are fine: Jarque-Bera test does not reject the normality of residuals in OLS, and LR test supports the proportional-odds assumption (and hence generalized ordered logit is not necessary).

Moreover, as already mentioned, the results of the regressions could be used in order to assess the general logic of the (de)centralization by appointment in Russia. I find mixed evidence with respect to the objectives of federal government by deciding on new bureaucrats for its regional offices. Indeed, for the Ministry of Interior the federal government seems to follow the “aggressive” strategy for regions, which have the status of a republic (although results are not entirely robust), border regions and regions with large oil and gas reserves. However, for the share of Russians and declarations of regional elites the effect is the opposite: the federal government seems to be more cautious dealing with regions with high non-Russian population and with the publicly active governors in the 1990s. Hence, the federal administration seems to perceive different dimensions of bargaining power differently and therefore implement different policies. A further interesting finding, which will also persist for several other security agencies, is the positive sign of the dummy Northern Caucasus. It is possible to hypothesize that this outcome reflects the federal center’s desire to use local elites as their “power support” in the region instead of ruling through direct federal appointees – an experience well represented by the case of the “new policy” towards Chechnya, where the Putin’s government actively supported the local cadre (presidents Akhmad and Ramzan Kadyrov) in order to “pacify” the republic.

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<sup>11</sup> If one estimates the regressions from *Tables 1-3* just with “words” (without “deeds” and power index) all results for declarations are confirmed in OLS and ordered logit.

**Table 1: Personnel appointment for the Ministry of Interior, dep.var.: difference in regional bias index between 2000 and 2007**

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) Ordered logit	(7) Ordered logit	(8) Ordered logit	(9) Ordered logit	(10) Ordered logit
<b>Dummy republic</b>	<b>-1.059**</b> (0.509)	<b>-1.177**</b> (0.498)	<b>-2.298***</b> (0.647)	<b>-1.056**</b> (0.508)	<b>-2.294***</b> (0.650)	-1.110 (0.782)	<b>-1.287*</b> (0.761)	<b>-3.368***</b> (1.131)	-1.121 (0.760)	<b>-3.361***</b> (1.122)
<b>Dummy border region</b>	<b>-1.031***</b> (0.329)	<b>-1.044***</b> (0.328)	<b>-0.884**</b> (0.345)	<b>-1.021***</b> (0.328)	<b>-0.878**</b> (0.345)	<b>-1.369***</b> (0.493)	<b>-1.387***</b> (0.493)	<b>-1.233**</b> (0.524)	<b>-1.360***</b> (0.491)	<b>-1.224**</b> (0.518)
<b>Distance from Moscow</b>	-0.017 (0.072)	-0.036 (0.079)	-0.077 (0.082)	-0.021 (0.072)	-0.080 (0.082)	-0.029 (0.114)	-0.056 (0.123)	-0.108 (0.135)	-0.043 (0.110)	-0.117 (0.132)
<b>Share of Russians</b>	<b>-2.223**</b> (0.992)	<b>-2.145**</b> (1.017)	-1.020 (1.060)	<b>-2.160**</b> (1.028)	-0.982 (1.090)	<b>-2.716*</b> (1.604)	-2.596 (1.635)	-1.052 (1.482)	-2.524 (1.606)	-0.952 (1.476)
<b>Territory</b>	0.285 (0.783)	0.306 (0.804)	0.360 (0.790)	0.267 (0.792)	0.348 (0.800)	0.310 (1.889)	0.351 (2.028)	0.319 (1.774)	0.237 (1.705)	0.282 (1.682)
<b>Population (2000-2006)</b>	0.015 (0.089)	0.017 (0.089)	0.003 (0.079)	0.009 (0.090)	-0.001 (0.082)	-0.030 (0.111)	-0.022 (0.112)	-0.042 (0.101)	-0.052 (0.116)	-0.055 (0.108)
<b>Oil and gas (2000-2006)</b>	<b>-2.860*</b> (1.576)	<b>-2.877*</b> (1.582)	<b>-4.032**</b> (1.641)	<b>-2.933*</b> (1.593)	<b>-4.075**</b> (1.664)	-5.130 (3.741)	-4.946 (3.854)	<b>-8.022**</b> (3.766)	-5.522 (3.636)	<b>-8.250**</b> (3.809)
<b>Democracy (2000-2006)</b>	0.044 (0.040)	0.045 (0.039)	0.030 (0.039)	0.043 (0.041)	0.029 (0.039)	0.064 (0.056)	0.065 (0.055)	0.056 (0.062)	0.058 (0.057)	0.052 (0.063)
<b>Dummy Northern Caucasus</b>	<b>1.522**</b> (0.596)	<b>1.507**</b> (0.595)	<b>2.199***</b> (0.588)	<b>1.528**</b> (0.605)	<b>2.201***</b> (0.594)	<b>2.076**</b> (0.928)	<b>2.082**</b> (0.926)	<b>3.451***</b> (0.971)	<b>2.126**</b> (0.943)	<b>3.456***</b> (0.966)
<b>Contradicting acts</b>		2.654 (3.324)	2.66 (3.158)		2.706 (3.143)		3.891 (4.401)	3.506 (4.282)		3.610 (4.183)
<b>Declarations</b>			<b>1.440***</b> (0.522)		<b>1.435***</b> (0.527)			<b>2.512***</b> (0.921)		<b>2.487***</b> (0.924)
<b>Power of governors</b>				0.064 (0.292)	0.041 (0.291)				0.222 (0.398)	0.137 (0.413)
<b>Constant</b>	-0.369 (1.150)	-0.632 (1.252)	-4.837** (2.120)	-0.794 (2.273)	-5.100* (2.835)					
<b>Observations</b>	79	79	79	79	79	79	79	79	79	79
<b>R<sup>2</sup></b>	0.221	0.227	0.284	0.222	0.284					
<b>Pseudo R<sup>2</sup></b>						0.098	0.101	0.143	0.100	0.143
<b>LR proportional odds test</b>						44.76*	46.49	45.96	45.33	47.95
<b>J.-B. test</b>	1.373	1.645	1.036	1.370	1.055					

Notes: numbers in parenthesis are standard errors. \* significant at 10% level, \*\* significant at 5% level, \*\*\* significant at 1% level. Robust standard errors applied.

**Table 2: Personnel appointment for Prosecutor's Office, dep.var.: difference in regional bias index between 2000 and 2007**

	(11) OLS	(12) OLS	(13) OLS	(14) OLS	(15) OLS	(16) Ordered logit	(17) Ordered logit	(18) Ordered logit	(19) Ordered logit	(20) Ordered logit
<b>Dummy republic</b>	0.513 (0.711)	0.696 (0.730)	1.479 (0.945)	0.513 (0.719)	1.481 (0.951)	0.498 (0.797)	0.757 (0.847)	1.683 (1.123)	0.497 (0.801)	1.684 (1.124)
<b>Dummy border region</b>	-0.312 (0.407)	-0.275 (0.406)	-0.372 (0.415)	-0.311 (0.409)	-0.378 (0.413)	-0.456 (0.503)	-0.385 (0.513)	-0.523 (0.541)	-0.453 (0.497)	-0.526 (0.534)
<b>Distance from Moscow</b>	0.089 (0.085)	0.116 (0.089)	0.146 (0.092)	0.089 (0.092)	0.149 (0.099)	0.083 (0.101)	0.124 (0.102)	0.160 (0.107)	0.082 (0.108)	0.162 (0.112)
<b>Share of Russians</b>	0.889 (1.365)	0.716 (1.318)	-0.055 (1.569)	0.894 (1.386)	-0.088 (1.590)	0.597 (1.545)	0.511 (1.539)	-0.446 (1.989)	0.612 (1.557)	-0.462 (2.008)
<b>Territory</b>	-0.520 (0.456)	-0.541 (0.479)	-0.583 (0.469)	-0.522 (0.473)	-0.574 (0.480)	-0.573 (0.542)	-0.612 (0.566)	-0.667 (0.553)	-0.577 (0.562)	-0.662 (0.572)
<b>Population (2000-2006)</b>	<b>0.267*</b> <b>(0.152)</b>	<b>0.266*</b> <b>(0.148)</b>	<b>0.276*</b> <b>(0.145)</b>	<b>0.267*</b> <b>(0.155)</b>	<b>0.279*</b> <b>(0.150)</b>	<b>0.329*</b> <b>(0.191)</b>	<b>0.335*</b> <b>(0.186)</b>	<b>0.346*</b> <b>(0.184)</b>	<b>0.328*</b> <b>(0.192)</b>	<b>0.348*</b> <b>(0.187)</b>
<b>Oil and gas (2000-2006)</b>	0.659 (1.394)	0.649 (1.293)	1.476 (1.538)	0.653 (1.497)	1.517 (1.632)	0.793 (1.294)	0.831 (1.239)	1.747 (1.492)	0.773 (1.400)	1.767 (1.566)
<b>Democracy (2000-2006)</b>	-0.057 (0.040)	-0.057 (0.040)	-0.049 (0.041)	-0.057 (0.044)	-0.048 (0.044)	-0.073 (0.049)	-0.075 (0.050)	-0.063 (0.051)	-0.073 (0.053)	-0.063 (0.056)
<b>Dummy Northern Caucasus</b>	-0.915 (0.848)	-0.893 (0.894)	-1.386 (0.959)	-0.915 (0.852)	-1.388 (0.970)	-1.260 (1.054)	-1.193 (1.134)	-1.738 (1.240)	-1.259 (1.051)	-1.737 (1.243)
<b>Contradicting acts</b>		-4.675 (3.896)	-4.656 (4.036)		-4.720 (4.003)		-5.675 (4.196)	-5.888 (4.518)		-5.914 (4.462)
<b>Declarations</b>			-1.028 (0.702)		-1.025 (0.706)			-1.232 (0.898)		-1.231 (0.898)
<b>Power of governors</b>				0.005 (0.403)	-0.035 (0.394)				0.017 (0.486)	-0.019 (0.487)
<b>Constant</b>	-0.263 (1.554)	0.236 (1.464)	3.26 (2.509)	-0.294 (2.784)	3.484 (3.363)					
<b>Observations</b>	84	84	84	84	84	84	84	84	84	84
<b>R<sup>2</sup></b>	0.096	0.111	0.135	0.096	0.135					
<b>Pseudo R<sup>2</sup></b>						0.043	0.052	0.062	0.043	0.062
<b>LR proportional odds test</b>						31.96	68.45***	75.95***	32.57	76.76***
<b>J.-B. test</b>	1.113	2.157	2.295	1.113	2.316					

Notes: see Table 1

**Table 3: Personnel appointment for Federal Security Service, dep.var.: difference in regional bias index between 2000 and 2007**

	(21) OLS	(22) OLS	(23) OLS	(24) OLS	(25) OLS	(26) Ordered logit	(27) Ordered logit	(28) Ordered logit	(29) Ordered logit	(30) Ordered logit
<b>Dummy republic</b>	-0.206 (0.411)	-0.202 (0.443)	-0.124 (0.528)	-0.206 (0.419)	-0.129 (0.527)	-0.539 (0.803)	-0.361 (0.857)	-0.221 (1.083)	-0.593 (0.844)	-0.270 (1.092)
<b>Dummy border region</b>	0.338 (0.233)	0.339 (0.236)	0.330 (0.247)	0.393 (0.239)	0.379 (0.251)	0.677 (0.608)	0.737 (0.619)	0.719 (0.656)	0.886 (0.588)	0.917 (0.629)
<b>Distance from Moscow</b>	0.046 (0.041)	0.047 (0.038)	0.050 (0.041)	0.027 (0.040)	0.028 (0.042)	-0.006 (0.120)	0.015 (0.103)	0.021 (0.112)	-0.058 (0.116)	-0.031 (0.110)
<b>Share of Russians</b>	1.045 (0.874)	1.044 (0.882)	0.972 (0.941)	1.303 (0.877)	1.226 (0.938)	1.618 (1.916)	1.579 (1.959)	1.432 (2.098)	2.48 (1.905)	2.242 (2.016)
<b>Territory</b>	<b>-0.734***</b> <b>(0.210)</b>	<b>-0.734***</b> <b>(0.211)</b>	<b>-0.738***</b> <b>(0.214)</b>	<b>-0.796***</b> <b>(0.227)</b>	<b>-0.802***</b> <b>(0.230)</b>	<b>-1.324**</b> <b>(0.559)</b>	<b>-1.379**</b> <b>(0.546)</b>	<b>-1.378**</b> <b>(0.545)</b>	<b>-1.797***</b> <b>(0.669)</b>	<b>-1.847***</b> <b>(0.646)</b>
<b>Population (2000-2006)</b>	-0.018 (0.073)	-0.018 (0.073)	-0.017 (0.072)	-0.040 (0.072)	-0.039 (0.071)	-0.084 (0.151)	-0.085 (0.150)	-0.082 (0.146)	-0.160 (0.160)	-0.154 (0.153)
<b>Oil and gas (2000-2006)</b>	<b>1.987***</b> <b>(0.578)</b>	<b>1.987***</b> <b>(0.581)</b>	<b>2.068***</b> <b>(0.671)</b>	<b>1.671***</b> <b>(0.613)</b>	<b>1.761**</b> <b>(0.706)</b>	<b>4.028***</b> <b>(1.500)</b>	<b>4.125***</b> <b>(1.466)</b>	<b>4.264**</b> <b>(1.736)</b>	<b>3.458**</b> <b>(1.473)</b>	<b>3.758**</b> <b>(1.699)</b>
<b>Democracy (2000-2006)</b>	-0.008 (0.024)	-0.008 (0.024)	-0.007 (0.024)	-0.016 (0.024)	-0.015 (0.025)	-0.018 (0.050)	-0.018 (0.051)	-0.017 (0.051)	-0.044 (0.055)	-0.042 (0.055)
<b>Dummy Northern Caucasus</b>	<b>0.825*</b> <b>(0.439)</b>	<b>0.826*</b> <b>(0.439)</b>	<b>0.779*</b> <b>(0.448)</b>	<b>0.857*</b> <b>(0.445)</b>	<b>0.796*</b> <b>(0.442)</b>	<b>1.665*</b> <b>(0.907)</b>	<b>1.708*</b> <b>(0.927)</b>	<b>1.617*</b> <b>(0.916)</b>	<b>1.817*</b> <b>(0.992)</b>	<b>1.729*</b> <b>(0.938)</b>
<b>Contradicting acts</b>		-0.081 (2.521)	-0.090 (2.560)		0.351 (2.622)		-3.853 (5.380)	-3.853 (5.395)		-3.037 (5.205)
<b>Declarations</b>			-0.100 (0.374)		-0.122 (0.384)			-0.186 (0.854)		-0.254 (0.909)
<b>Power of governors</b>				0.259 (0.189)	0.265 (0.201)				0.836 (0.536)	0.824 (0.554)
<b>Constant</b>	-1.113 (0.966)	-1.106 (1.016)	-0.816 (1.536)	-2.816* (1.599)	-2.528 (2.093)					
<b>Observations</b>	83	83	83	83	83	83	83	83	83	83
<b>R<sup>2</sup></b>	0.200	0.200	0.200	0.216	0.217					
<b>Pseudo R<sup>2</sup></b>						0.088	0.091	0.092	0.106	0.109
<b>LR proportional odds test</b>						74.18***	76.47***	77.87***	77.25***	80.25***
<b>J.-B. test</b>	19.99***	20.02***	19.67***	16.97***	16.35***					

Notes: see Table 1. According to the Jarque-Bera test, there are following outliers in all regressions: Evreiskaia, Aginsk Buriat, Chukotka, Khanty Mansi, Nenets, Moscow (City), St. Petersburg, Altai Krai, Krasnoiarsk, Primorski, Stavropol, Amur, Arkhangelsk, Briansk, Cheliabinsk, Ivanovo, Kaluga, Kamchatka, Kemerovo, Kirov, Kostroma, Leningradskaia, Lipetsk, Magadan, Moscow Region, Murmansk, Nizhniy Novgorod, Novgorod, Orel, Penza, Perm, Riazan, Samara, Sverdlovskaia, Tambov, Tomsk, Tula, Tver, Ulianovsk, Vladimir, Vologda, Voronezh, Yaroslavl, Alrai Rep., Bashkortostan, Buriatia, Chuvashia, Kalmykia, Karelia, Khakassia, Komi, Mariy El, Mordovia, Tatarstan, Tyva, Udmurtia. There are following exceptions: in regression (23) Kemerovo is not an outlier, in regression (24) Krasnodar, Novosibirsk, Pskov, Sakhalin, Volgograd, Dagestan, Kabardino-Balkaria, Sakha are outliers and Stavropol and Orel not, in regression (25) Krasnodar, Novosibirsk, Pskov, Volgograd, Dagestan are outliers and Stavropol, Tomsk and Orel not. After exclusion of outliers, dummy Northern Caucasus in regression (21), (22), (23), (25) becomes insignificant, but still has a positive coefficient.

Tables 2 and 3 report the baseline estimations for the **Prosecutor's Office** and the **Federal Security Service**. One does not find any significant impact of the public claims or the real policies variables on the appointment decisions. Regarding the bargaining power variables, for the Prosecutor's Office I find only evidence of cautious policies with respect to regions with large population. For the FSB, once again, there is combination of aggressive control of strong regions and search for the scapegoats. The federal government was "aggressive" vis-à-vis regions with large territory and "cautious" against oil and gas regions. It is worth noticing that the sign for oil and gas is reverse for the Ministry of Interior and for the FSB, probably still suggesting the opportunity of "hostage exchange" for these agencies: "local" FSB head as price for the "federal" Minister of Interior. Moreover, dummy Northern Caucasus is once again almost always significant.<sup>12</sup> However, for the logit regressions for these two agencies proportional odds assumption cannot be sustained. Re-estimations through ordered logit do not yield any robust effects on the re-appointments in these two security agencies.<sup>13</sup>

It is clear that so far one questionable assumption I made was that the appointments in all three agencies are basically independent. In order to check it I estimated a system of equations (3), (13) and (23) using three-stage least squares. In this case all effects, which have been significant in the stand-alone regressions, remain significant and hold their sign, with the exception of dummy Northern Caucasus for the FSB, which becomes insignificant. In addition, for the Prosecutor's Office I find significant and positive impact of dummy Northern Caucasus and of the declarations – so, for the 3SLS estimations the relevance of "words" over "deeds" seems to be even more pronounced.<sup>14</sup>

Moreover, I also look at an additional specification of the regression. The decision of the federal government may as well be influenced not only by the characteristics of the region, but simply by the "degree of involvement" of federal bureaucrats in this region with the regional administration. Stated otherwise, "initial level" of regional bias may be significantly influencing the decisions of government. So, I estimate regressions where I add initial level of index in the year 2000 to the covariates

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<sup>12</sup> This result is however not robust to outliers – so, evidence of "ruling through local elites" is much weaker than in case of the Ministry of Interior. It is surprising though that one finds any evidence at all, since in Russia traditionally the Federal Security Service, as well as its infamous predecessor have always been strongly controlled by the central government.

<sup>13</sup> Generalized ordered logit regressions in this paper are not reported in this paper due to the size constraints, but can be provided on request.

<sup>14</sup> Results are not reported, but available on request.

(the results are reported in *Appendix B*). Thus, I can find out, whether the federal government was rather interested in re-establishing control in regions with strong regional bias, or the initial regional bias did not really matter for the federal authorities, which looked at the “content” of center-region relations and the power of the regional governors.

The results are straightforward: the initial regional bias, if included in the regressions, is always significant and negative in all specifications, for all estimation techniques and for all three variables. Further results for the Ministry of Interior and the FSB for public claims and observable real policies do not change: so, “words” are still a significant determinant of the police re-appointments, and “deeds” are not. The situation is more interesting for the Prosecutor’s Office. First, now I find a negative and significant impact of the number of contradicting acts on the re-appointment policies; declarations remain insignificant. In this case, while for the Ministry of Interior the “words” were more important than “deeds” (and supported more cautious attitude of the federal government towards strong regions), for the Prosecutor’s Office “deeds” and not “words” mattered (and supported more aggressive behavior towards strong regions). Then the federal government seems to treat the “words” and “deeds” differently not only by changing its appointment policies for different agencies, but also changing the direction of the re-appointments. In addition, both variables have different signs. Then both public claims and real policies may matter somehow and even treated as partial substitutes (indeed, Prosecutors have a strong influence on the activity of police and vice versa).

Finally, I find that for the Prosecutor’s Office democracy variable is significant and negative – and hence, the federal government was active in appointing prosecutors with lower “embeddedness” in local context in the regions where democracy level was high. It makes sense since Prosecutors are directly involved in monitoring the “politically sensitive issues” (for example, related to electoral fraud), and therefore may be relevant in this context. For the FSB and the Prosecutor’s Office there are some changes in the significance of the controls (for the FSB: dummy republic is negative and significant in ordered logit, population is positive and significant in OLS (but not robust to exclusion of outliers), dummy Northern Caucasus turns insignificant in OLS and ordered logit, and oil and gas loses its significance in OLS; for the Prosecutor’s Office: distance from Moscow and oil and gas become partly positive and significant and territory is partly negative and significant). For both agencies new results,

once again, provide mixed evidence about the behavior of the central government – both aggressive and cautious towards stronger regions. One should notice, though, that the results do not survive the generalized ordered logit estimations, where neither “words” nor “deeds” are significant, and other results are not robust.<sup>15</sup>

Summarizing the findings for “words” and “deeds”, the situation looks as follows. First, the importance of public claims for appointments in the Ministry of Interior is confirmed almost regardless of specification and estimation technique, and one can indeed claim that for police the federal government paid more attention to what the regional governors said than to their de-facto decisions. Second, the results for Prosecutor’s Office are much less robust: the “deeds” variable is significant in some specifications, does this result is strongly influenced by the set of covariates and does not appear in the generalized ordered logit, which is required in this case because of the proportional-odds assumption. Finally, for the Federal Security Service no significant results for “words” and “deeds” were established. For all variables I find combined cautious and aggressive approaches towards regions with stronger bargaining power; however, results for individual variables are often not robust to the specification and estimation technique (with Ministry of Interior, once again, providing relatively more stable evidence). Finally, federal government always focused its attention on regions with larger regional bias – which, however, are not necessarily those with strong bargaining power.

## **5. Extensions and robustness checks<sup>16</sup>**

### **5.1. Additional controls**

In order to check for the robustness of the results obtained in this paper, in the next step I add a number of further control variables to the regressions. Specifically, there are four variables experimented with: crime rates, Communist governors in the 1990s, federal transfers and electoral considerations (reasons for using these variables are justified in what follows). I also modify the variable of natural resources used in the regressions. In all these cases I do not find any changes for the sign and significance of the “words” and “deeds” variables and almost all other controls in the regressions, so,

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<sup>15</sup> Results are not reported, but available on request.

<sup>16</sup> The regressions of this section are not reported in the paper, but are available on request.



the main results of the paper survive this test.<sup>17</sup> The results for the Ministry of Interior are always robust. In addition, one can make some cautious interpretations regarding the impact of the additional controls as such, as it will be discussed in what follows.

1. The **crime rates** are measured as the average number of crimes committed in 2000-2006 per 100,000 inhabitants of the region, and the importance of these variables in the analysis of law enforcement and security agencies seems to be straightforward. It is possible to expect the federal government to intervene not only because of the power contest with regional elites, but simply to provide the public good of security and order. What is less clear is why these interventions should result in reduction or increase of regional bias, but it is at least possible to speculate that, for example, the federal government links the regional connections of heads of its agencies to their ability to fight crime in the particular region, while making the appointment decisions (and that this link could actually exist). The variable is of course problematic since it is, first, highly endogenous (so, any results suggest just the partial correlation, and not the causality problem), and second, likely to be manipulated in the context of appointments (reporting lower – or reducing – crime rates could support the carrier of the heads of regional police or prosecutors), but may be interesting just for an additional robustness check.

Regardless of the specification (and also regardless of including the initial level of regional bias or not) in the regressions, crime rates are insignificant for the FSB re-appointments. It is to be expected, because the function of this agency is not to combat the ordinary crime, but rather to care for issues like espionage. What is more interesting is that crime rates have no influence on the re-appointments in the Ministry of Interior, which primarily focus is exactly to deal with criminal activity. For the prosecutor's office crime rates are almost always significant and negative for the re-appointment decisions. This result suggests that the federal government used the appointments of administrators without regional connections also to reduce crime, but should rather be interpreted as correlations, and not as causal links (it is also possible that newly appointed prosecutors from Moscow

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<sup>17</sup> There are several exceptions, but they all concern the “deeds” effect for the Prosecutor's Office re-appointments, which are not robust anyway. Specifically, while controlling for elections' outcomes, for the Prosecutor's Office “deeds” are marginally significant and negative in ordered logit even without initial regional bias; controlling for alternative variables of natural resources, for the Prosecutor's Office, however, “deeds” become insignificant in the re-appointment decisions, even if controlling for the initial level of the regional bias (moreover, in the specification without initial regional bias declarations become significant and negative).

invested a greater effort in reducing the crime than the “captured” officials from the region, or – what is also possible – simply manipulated the reporting).

2. An additional concern regarding the results of this paper so far is that it ignores the differences in the relations between the Yeltsin government and the regional administrations. It is possible that in some regions governors were “aligned” to Yeltsin, and hence were able to achieve higher de-facto devolution even without any public declarations, while in other regions there were direct hostilities between the regional governors and the presidential office of Russia present. To check for this effect I include in the regressions the so-called “**red belt**” dummy, which accounts for the regions where towards the end of 1990s the governors were members of the Communist Party (and hence openly hostile to Yeltsin).<sup>18</sup> The “red belt” as such is almost never significant for all agencies. The results hence show that the re-appointments do not take the “old hostilities” between Yeltsin and governors into account. This is particularly interesting, because the “red belt” is not correlated with share of contradicting acts and *negatively correlated* with declarations (Communist governors usually liked to represent themselves as “protectors of the national unity”, also because of party’s supposed chances to win federal elections and gain rents from that). Nevertheless, as mentioned, even including “red belt” and declarations in one regression does not ruin the results with respect to declarations.

3. Re-appointment decisions are certainly an important tool of the federal government to influence regional political decisions, but of course not the only one: as already mentioned, federal government can provide (or withdraw) other benefits, particularly control over attractive assets and transfers, which can be used in exchange for restricting public declarations or more cautious relation to passing acts contradicting the federal law. Therefore it seems to be reasonable to control for a variable measuring these benefits: a straightforward solution could be to include the **federal transfers** to the regional budget in the regressions. Of course, this variable is also highly endogenous (it is difficult to find out the causal link between transfers, “words” and “deeds” and reappointment decisions). In this

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<sup>18</sup> The list is based on CIPKR (2003) and includes Krasnodar, Stavropol, Bryansk, Vladimir, Volgograd, Ivanovo, Kamchatka, Kursk, Orenburg, Riazan and Tula. It should be noted that there exists an alternative definition of the “red belt”, which includes regions with overproportional vote for the Communist Party at federal and regional elections. However, I opt to define the “red belt” by party affiliation of the governor, because it is more consistent with the idea that the re-appointments have to combat the de-facto decentralization. I will look for the impact of elections in what follows.

robustness check I use the average share of transfers in the revenue of the regional budgets in 2000-2006 and am able to show that they are negative and significant just in the re-appointments for the Federal Security Service. Here, once again, I find evidence of a rather “cautious” approach of the federal government, which was more eager to send its emissaries in “weak” regions, dependent on the federal center anyway. An alternative interpretation may be that the federal government was interested in stricter control over financial flows in these particular regions – but then it is more plausible to expect the federal government to focus on the Prosecutor’s Office than on the FSB, which is (usually) not directly involved in the fiscal control process. On the contrary, the finding could also indicate the desire of the influential representatives of the FSB (which had an important role in the Putin’s government) to place “their” people in regions with large federal fiscal flows to support their rent-seeking activities.

4. Although Russia is very far from any established democratic standards, yet another aspect of “deeds” possibly considered by the federal government could be related to **elections**. Specifically, I am referring to the electoral campaign of 1999. During the last years of the Yeltsin’s presidency (i.e. 1998-1999) a group of powerful regional governors formed a coalition aiming to influence the succession procedure and the federal decision-making; this coalition became the basis of the Otechestvo-Vsia Rossiya (OVR, Fatherland – All Russia) block headed by the former Prime Minister Yevnegiy Primakov, who demonstrated realistic ambitions to become the new president after Yeltsin. On the other hand, yet another group within the Russian political elite (supposedly closer to Boris Yeltsin himself) formed an alternative coalition, which also received support of several regional governors (although mostly from weaker regions more dependent from federal transfers), and formed the basis of the MEDVED block (which provided its backing to the alternative successor candidate, Vladimir Putin). Both coalitions competed in the parliamentary elections of 1999, which eventually resulted into the MEDVED’s relative success, followed by the Putin’s accession to the presidency. The results of the elections in individual regions seem to have been strongly influenced by the affiliation of regional governors either for OVR or MEDVED: the most prominent examples are Ingushetia (a North Caucasian republic affiliated with OVR), where OVR received the majority of more than 80% of the votes

(with MEDVED accounting for about 1%) and Tyva (in the Southern Siberia), where OVR obtained about 3% of the votes with more than 70% share of MEDVED.

Following Putin's accession to power, MEDVED and OVR merged into the current ruling party Unified Russia (*Edinaya Rossiya*). However, OVR seems to have represented a very realistic threat to Putin from a group of governors, and hence could have influenced the re-appointment considerations. Hence, I have re-estimated the regressions including three additional controls simultaneously: share of the OVR votes in 1999, share of the MEDVED votes in 1999, as well as share of the votes for the Communist Party (the traditional opponent of the Russian government) in 1999.<sup>19</sup> The elections do not matter for the Ministry of Interior and Prosecutor's Office reappointment, but have an effect on the FSB decisions (which is, however, just marginally significant). Surprisingly, in this case all three variables have a negative and significant sign. Hence, once again, federal government seems to "mix" the strategies: re-appointments influence both "loyal" MEDVED regions, as well as regions with large Communist' and OVR share. Thus, this additional finding of combining "search for scapegoats" and "restrictions for powerful players" is confirmed for these electoral aspects as well.

5. A particular disadvantage of the specification I have used so far is that it virtually ignored the impact of **other resources** than oil and gas on the appointments. However, bargaining power is not necessarily associated with these resources: for example, non-ferrous metals in Taimyr or diamonds in Sakha are also an important factor. The problem is that measuring several different types of natural resources at once is a difficult task. One can take the share of mining in the regional GRP as a proxy, but in this case one may be mismeasuring the really interesting aspect of the bargaining power: for example, if in a small region the share of mining is large, but also region's GRP is very small, no strong bargaining power is to be expected. Hence, I have re-estimated the main regressions replacing oil and gas by one of the two variables suggested by Vainberg and Rybnikova (2006) to capture the resource potential of the region. The first one ranks all regions according to their coal, oil, gas and

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<sup>19</sup> Russian elections during this period used a mixed system with half of the parliament elected through party lists, and half consisting of representatives of individual geographical districts, so I provide the data just for the half of the parliament elected through a proportional system (since in this case partisan preferences are more obvious). In addition, note that through the timing of events reverse causality is impossible: the elections took place in 1999, and the re-appointments started in 2000 (and hence could take the results of the elections into consideration).

gold deposits. The second estimates the total value of the mineral deposits in the region by assigning to the region a rating (based on the Russian Ministry of Natural Resources survey). However, I do find virtually no significant impact of these two variables of re-appointments (with the exception of few specifications).

Finally, in order to check for the impact of potentially endogenous controls, I re-estimated all regressions of the *Tables 1-3* excluding democracy. There are virtually no changes for the Ministry of Interior and the FSB; for the Prosecutor's Office in *Table 2* population loses significance. There are somewhat more changes if one controls for the initial regional bias, but they never affect the key variables of "words" and "deeds".

## **5.2. Stability of governors**

The paper so far ignored an extremely important dimension, which in fact is crucial for the interpretation of the results: I have assumed that the federal government, while making re-appointment decisions in the 2000s, deals with the same regional leaders, who ruled in the 1990s, and hence, "produced" both public declarations and de-facto devolution. This is certainly not the case, because in many regions governors were replaced during the 1990s: therefore the differences between "words" and "deeds" can simply represent the distinction between the past and the current governor, and not some specific preferences of the federal government. To check for the impact of this factor, I excluded all regions where governor changed between 1993 (the year after the new constitution granting full power to the president after the dissolution of the former Supreme Soviet was passed) and 2000. Unfortunately, this measure is imperfect: it is possible, for example, that although the governor was replaced, his successor was strongly related to him and thus continues his policies, or (even more likely) the political regime in the region remains the same, and constant external conditions force different politicians to replicate similar policies. However, this is the best possible alternative for a quantitative test. The group of regions where the same governors remained in power includes 33 territories. In addition, I also looked at the group with governor change (i.e. remaining regions) and compared the estimation results in both cases.

Generally speaking, replicating regressions from the *Tables 1-3* for the group without changes, I still confirm a significant and positive impact of declarations for the Ministry of Interior in almost all regression, but there is also a significant and negative impact of the “deeds” in all regressions now. When the initial level of the regional bias is included, the first result becomes more robust (and is now present in all regressions), while the second survives only in ordered logit. For the prosecutors’ re-appointments I now find negative and significant impact of the “deeds” even without the initial level. So, at the first glance the results seem to be supporting my previous predictions: if one looks just at the “relevant” group of regions ruled by the same governors, there is a relatively robust impact of declarations on the re-appointments in the Ministry of Interior. Impact of “deeds” for this agency is also observed, but is not robust to specification.

The results become more interesting if one looks at the group where the governor has been replaced for the same regressions. Here – contrary to any expectations – I also find a positive and significant impact of declarations, which is robust (particularly while controlling for the initial level of political bias), for the Ministry of Interior. There is also some less robust evidence of the positive impact of “deeds” for this agency. For the Prosecutor’s Office neither “words” nor “deeds” are now significant. From this point of view the results of this paper seem to be even more surprising: the federal government takes the declarations of the regional elites in the account, although the people who made them no longer rule the respective regions: “words” not just simply matter, but matter for a long period of time!

### **5.3. Interaction between words and deeds**

So far I have assumed that the effects of actions and of policy choices (i.e., declarations made by regional elites and contradicting acts) do not interact with each other. However, it is highly plausible to expect that the reaction of the federal government on claims is somehow dependent on actions implemented by the regions and vice versa. Hence, to solve this problem I have included the interaction term between words and deeds (i.e. product of both variables) in the regressions of the *Table 1-3*. Generally speaking, the result is straightforward: neither sign nor significance of words and deeds as such change in any manner, while the interaction term is insignificant. It may indicate that the federal

government simply treats two aspects of the problem as clearly separated from each other, and therefore does not condition its responses (since the size of the coefficient of the contradicting acts in regressions (2) and (3) (and (7) and (8) respectively) is almost the same, this conclusion seems to be reasonable).

However, the really interesting point while introducing interaction is to look at how the sign and the significance of the effect changes over the sample. *Figure 4* shows the marginal effect of declarations on re-appointment for the Ministry of Interior (for the OLS). One can see that the effect is in fact significant and positive for small share of contradicting acts, while it is insignificant for large shares. In fact, one can claim that my results so far were mostly determined by the fact that the federal government through re-appointments increased the region bias for jurisdictions where the share of contradicting acts was anyway low. So, it looks like if “deeds” were not very problematic, the federal administration did not discourage the verbal aggression of the regional leaders by the re-appointments. But when the degree of actual devolution became strong enough, no effect of either words or deeds could be established. One should notice though that the interpretation of the OLS results in this case is not entirely reasonable – as I will demonstrate in what follows.

Another possible form of interactions it might be interesting to explore is that between power and declarations. It is well imaginable that the federal government pays more attention to claims made by powerful regions, than just to claims in general. Unfortunately, as it has been shown above, we do not have a clear measure of “power”: hence, I have estimated re-appointment regressions from *Tables 1-3* interacting declarations each time with a different power variable: dummy republic, dummy border region, distance from Moscow, share of Russians, territory, population and oil and gas (hence, regressions were re-estimated seven times). I have re-estimated specifications with just “words” and “words and deeds” simultaneously. In addition, I have introduced an interaction term between power of the governor index and words and re-estimated a regression including these two variables (as well as “words” and “deeds” as well).

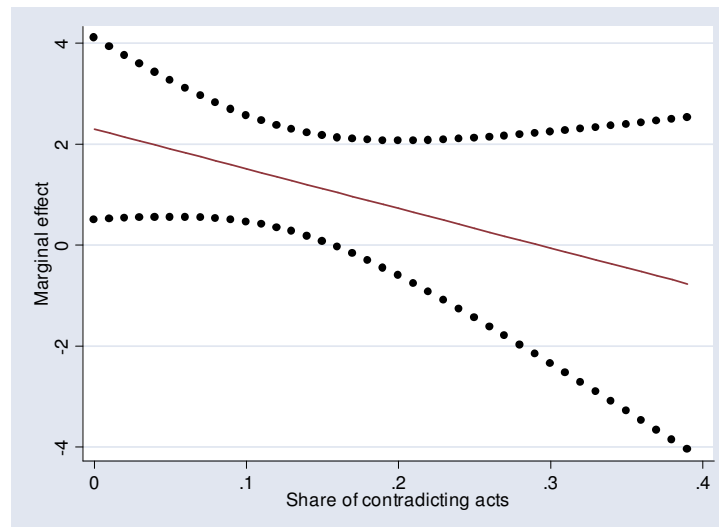


Figure 4: Marginal effect of the declarations conditional on the share of contradicting acts on the re-appointment decision for the Ministry of Interior

For the police declarations remain significant and positive in almost all specifications (regardless of the estimation technique – OLS or ordered logit). Interaction terms are mostly not significant, with the exception of the interaction between declarations and distance and declarations and territory, which are significant and *negative* (while declarations and distance / territory are often significant and positive). This is an interesting result: it implies that while federal government is “cautious” with respect to both “strong” and “publicly active” regions, if these two qualities are combined it becomes much more aggressive in the re-appointments. So, the federal government *does care* for whether the “strong” or the “weak” region is publicly threatening the central control – if it is weak, it may be “cheaper” to find a compromise (by appointing people from this region), while if it is strong, suppression (through appointments of outsiders) becomes more desirable.

For the FSB declarations are never significant, but the interaction terms are partly marginally significant and indicate the same effect: they are negative for the interaction with dummy republic and positive for the interaction with share of Russians (which, as indicated, while increasing shows a loss of bargaining power). For the Prosecutor’s Office, on the contrary, I find a significant and positive effect of the interaction with territory and distance (and sometimes a negative and significant effect of the interaction with population). Declarations as such are significant and *negative* only in specifica-



tions, where interaction terms with distance are included. In this case one could claim to have observed the “opposite” effect: being generally speaking more “aggressive” towards regions with strong popular activity, the federal government “weakens” its attitude if the region is strong enough (specifically, far away from Moscow and hence more difficult to pressure and to control). Since the results are not robust, however, a conservative position would be not to “over-interpret” them.

The results of the interaction analysis for the re-appointment regressions for the change of the regional bias become somewhat more interesting if one re-estimates the model using a binary instead of an ordinal dependent variable: i.e. creating a dummy assigning 1 to all cases when the home bias increased and vice versa. In this case one still obtains a significant and positive effect of the declarations (at 1% level), but also a 5% level significant and positive effect of the share of contradicting acts and a negative and significant effect of the interaction term (I had to drop the dummy Northern Caucasus to avoid perfect prediction problem). This result is straightforward: declarations do matter, but their importance goes down if the share of violations of the federal law is increasing.

However, one should be of course aware of the fact that the interaction terms in the non-linear models are in many cases not so easy to interpret: simply looking at sign and significance of the interaction term does not suffice (see Ai and Norton 2003). I used the approach suggested by Norton, Wang and Ai (2004) to correct for the possible misinterpretation and look at the significance and the sign of the interaction term for different prediction probabilities. One can see, however, that the marginal effect for low prediction probabilities is highly non-robust; for high prediction probabilities it is mostly negative, but, if one looks at the z-statistics, only marginally significant (although somewhat more significant and pronounced for cases of high predicted probability of the federal intervention, see *Figures 5 and 6*). To conclude, the results for the interaction terms should be interpreted with extreme caution (though the results could be driven by the small sample size and the predominance of regions with a reduction of the political bias).

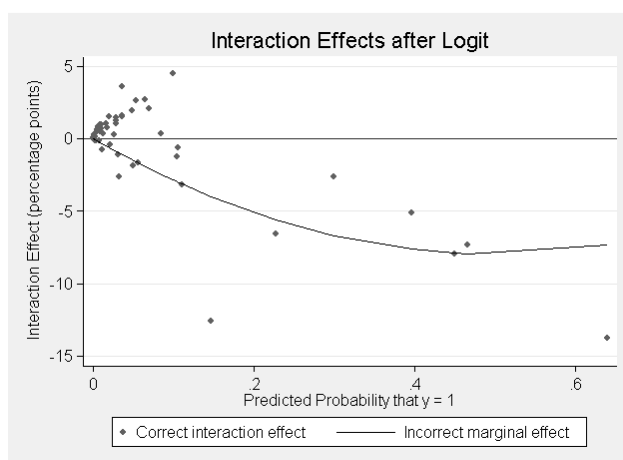


Figure 5: Marginal effect of the declarations conditional on the share of contradicting acts on the re-appointment decision for the Ministry of Interior, logit

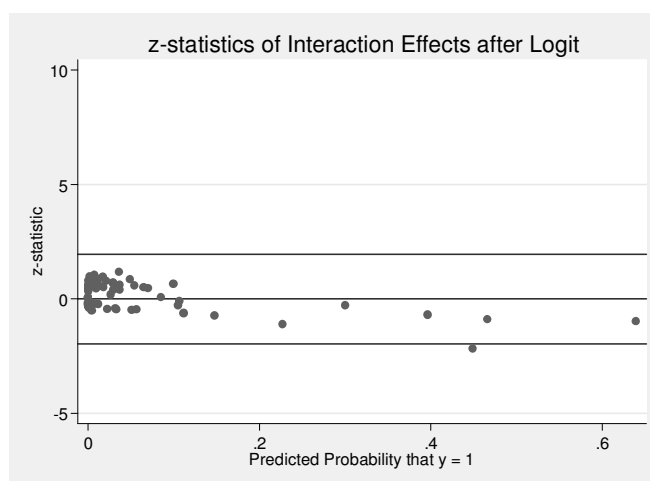


Figure 6:  $z$ -statistics for the Figure 5

#### 5.4. Alternative measures of “deeds”

I have already mentioned that a particular problem of the empirical exercise as it has been implemented in this paper is to precisely capture the “words” and the “deeds”, i.e. symbolic actions and real redistribution of rents. It is possible that other symbolic actions were in fact more important for the behavior of the politicians than the public statements; or that the real redistribution of rents was not the implementation of acts contradicting federal law but other factors. Certainly, the range of these potential variables is very large to be sure that all of them have been captured in any specification.

Nevertheless, I have experimented with quite a few possible alternatives, which could be helpful in this context. To start with, I also estimated regression where average retention rate (share of total de-facto tax collection from region's territory attributed to its consolidated budget, i.e. minus the fraction going to the federal budget) for 2000-2006 was added as a variable (regression estimated excluding autonomous districts, i.e. regions with lower political rights in Russia). However, all significant results of *Tables 1-3* did not change; the average retention rate was almost never significant. One should notice that using retention rates is not consistent with the type of agencies I am interested in: if one looks at the retention rates in Russia, actually not the security agencies, but the Federal Tax Service is the key player.

Second, I experiment with yet another variable of interest – dummy for regions signing a power-sharing treaty with the federal government in the 1990s. During the Yeltsin period regional governments often claimed additional rights not just through unilateral actions, but also through bilateral agreements with the federal administration, which have been signed by about a half of all jurisdictions. Under Putin most of these acts were abolished in the early 2000s. So, it is interesting to know whether power-sharing treaties had any impact on the appointment policies. Unfortunately, using this variable is not entirely straightforward. To start with, only a tiny fraction of all agreements has been reported; many have been signed by individual agencies in the federal and regional governments and are very difficult to trace. Moreover, the content of agreements differs substantially: while earlier acts (for example, those signed by Tatarstan and Bashkortostan) implied relatively high decision-making autonomy, further acts of the second half of the 1990s were all very similar to each other, did not grant the regions substantial autonomy and in many cases simply declared federal government's "recognition" of the importance of the region (cf. Obydenkova, 2008). So, basically, the existence of a power-sharing treaty may be referred under both categories of "words" (recognized claim of the regional government of its relevance) and "deeds" (re-distribution of authorities). In this paper I simply added to the set of covariates a dummy for all regions, which had a power-sharing agreement with the federal government in the early 2000s. However, this procedure does not change any results for the declarations and the share of contradicting acts in the re-appointment regressions (with and without initial regional bias). The power-sharing treaties dummy as such is significant and negative for the Ministry

of Interior in the re-appointment regressions of *Table 1*; this effect disappears if one controls for the initial level of the regional bias. For the Federal Security Service and the Prosecutor's Office no influence was established.

The final problem with the "deeds" variables is that I have used a share of negative conclusions. However, it is possible that if the regional administration was not interested in violating the federal law, it simply did not pass *any act* rather than to pass an act following the federal legislation. It is indeed the case that in Russia the number of negative conclusions is strongly correlated with the overall number of acts, so that the criticism is likely to be valid. Thus, in order to resolve the problem I have re-estimated regressions using the number of negative conclusions instead of their share as proxy for deeds and did not find any changes at all (both controlling for the initial level of the political bias or not). Thus, the findings are confirmed once again.

## **6. Discussion**

### **6.1. Importance of "words"**

The key results of the paper - the importance of "words" for re-appointment decisions, which seem to ignore the real actions of the governors - requires additional discussion. On the one hand, it is necessary to understand why "words" seem to have a robust impact on the decision-making in a politically highly sensitive area. On the other hand, it is also somewhat surprising that I do not find any robust effect of the "deeds". Generally speaking, four main interpretations are possible, but some of them are more plausible for the Russian case than the others (although with the tools of this paper clear discrimination among the hypotheses is very difficult, and hence, one can only consider some of them as more or less probable).<sup>20</sup> I will discuss the theoretical rational and the applicability of each of the explanations.

1. It is possible to assume that the federal government still "expects" the threats made by the regions in the early 1990s to become policies in the future, and hence, is still unsure that the threats

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<sup>20</sup> In addition, one can be dealing with a purely "emotional" short-term response, and hence assume that politicians are completely irrational. However, irrational response is likely as a short-term reaction in a small group of regions: what I find is a reaction with a significant time lag, which also occurs systematically in more than 80 regions, and, finally, in an area of extreme political importance. The possibility, however, should be mentioned.

were “empty”. As a matter of fact, claims made by regional government can be interpreted as commitment devices in the sense of the audience costs models (Fearon 1994, 1997): communicating its desire to obtain higher degree of independence to the public, regional administration makes it costly to “back off”. Then the central government, in turn, has more reasons to expect “trouble” from these territories and concentrate its attention on “words” in determining the re-appointment policy. The fact that Russia is non-democratic does weaken the role of the audience costs (as it has been shown in the standard models cited above): the public point of view is at least usually not so important, as in a democracy and can often be easily manipulated through the media control (specifically, for a somewhat more complicated problem like the degree of devolution of individual regions). But even in non-democracies public statements are not completely irrelevant and can be used as signals directed to other groups of the political elite<sup>21</sup> (although the latter are often better informed about the “deeds” than the general public).

There are some reasons to doubt this explanation: it is commonly claimed that Russian politics is rather characterized by myopic than by too far-sighted behavior, as does the social behavior in Russia in general (Rozmarinsky, 2004), and the changes of regional policies after 1995 (the last year which is covered by the declarations index) have been substantial. The fact that one finds a “long memory” of the politicians even for regions where governors were replaced could suggest that the myopic behavior of the Russian political elite is over-estimated (and it is an interesting result on its own), but here a more cautious interpretation could be helpful. It is possible that what I capture are simply declarations after 1995, which are correlated with the past declarations (and could theoretically be made even by different governors), as it will be discussed in what follows. It does require a lot of continuity between regional administrations, which is also a somewhat surprising result, but the data present does not make it possible to rule out this interpretation.

Nevertheless, it is also the case that in the issues of territorial integrity and central control over regions the Russian government quite often demonstrated a significant degree of far sight. It is sufficient to mention that under Putin territorial integrity was treated as the key problem for the Russian

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<sup>21</sup> The use of the media campaign in the struggles over the appointments and resignations of the governors of Moscow City and Bashkortostan in Russia serves as a good example of the role of the media as instruments for political commitment in non-democracies.

government; and already Yeltsin put a lot of effort in crushing the secessionists in Chechnya. Another case is the issue of the external borders of the Russian state: Russian political elite even under Yeltsin has been extremely reluctant to make any significant concessions in this matter, as the case of the border dispute with Japan or Ukraine show. So, the role of this factor cannot be completely dismissed.

2. A related topic is that the government could be concerned because “words” are better observable by other regional administrations: so, preventing the regions from being more aggressive in terms of their public claims could be used to avoid the snowball effect of spreading aspiration for autonomy and to provide a signal for other regions. The importance of reputation-building in reaction to secession has been demonstrated empirically by Walter (2006). In some sense, the central government attempts to block the inter-regional learning characteristic for the federal political structure and have been studied in economics and political science in great detail (see Feld and Schnellenbach 2004 for a survey). In addition, “words” are crucial if one is looking for the external support for the possible secession or devolution (since they can reach the external actors, relevant for the international recognition). This interpretation is not entirely consistent with the positive sign of the declarations variable. Gel'man (2006) shows that the group of Russian regions interested in higher autonomy has always been limited (even during the ultimate weakness of the federal government in the 1990s), while the rest of the regions were more interested in federal transfers than in increasing autonomy. Since the situation persisted for almost a decade, there seems to be no reason for the Putin government to be very concerned with it.

3. The government may react on public opinion expecting re-elections, which in the world of insufficiently informed and emotional voters may be influenced by “words” rather than “deeds”. For the Russian case, however, low degree of democracy also makes this explanation questionable, although, as mentioned, not entirely implausible. In addition, appointments are prepared by the bureaucrats of the presidential administration: here an additional level of information asymmetry is possible, and in this case recommendations could specifically be motivated by “words” due to the career concerns of bureaucrats attempting to create a decision the president will “like”.

4. The last explanation is that the federal government simply pays more attention to the claims of regional governments than to the de-facto policies because it has preferences over the content of

communication (basically, it may (dis)like certain things governors say, regardless of what they do, since the communication influences its ego-rents), which make “empty threats” relevant even if no political change is going on. In this case the federal government considered an “open rebellion” a more important issue than the fight against the “true” re-allocation of authorities. This result is in fact not surprising *per se*: since politicians are “just” human beings, there is no reason to believe that they act differently than people in other areas – where ego-rents and preferences over communication are obviously an issue. What is probably more amazing is the relative importance of the ego-rents for a key political decision-making area, where one would expect to see more dedicated calculation. However, once again, people seem to value status, honor and respect in the decisions of the “live and death” importance.<sup>22</sup>

The importance of “words” in the Russian center-region bargaining is, by the way, apparently noticed by the Russian regional politicians themselves. To provide an extreme case, describing Dzhohar Dudaev, president of the first (separatist) Chechen Republic, the former minister of finance of Chechnya Taimaz Abubakarov claims that if Dudaev just were just interested in controlling resources of Chechnya and its territory, he would never aspire secession from Russia and rather turn into an eager protector of its integrity (cited by Malashenko 2009: 33). Thus, words matter more than deeds once again (obviously also for some of the regional leaders, who were ready to sacrifice their real control – and even their life, as it ultimately happened with Dudaev - over the formal rhetoric). Nevertheless, the result suggests a negative impact of words on the appointment of “home-grown” cadres, while I find the positive one. This effect can be easily explained if one takes into account the timing of the game. During the 2000s, under Putin’s political regime, there were only few governors who allowed even a very modest form of criticism of the central administration, yet alone claims of greater autonomy, also because of strict federal control over the media (Becker 2004). The absolute majority of politicians either refrained from any public statements or pledged their loyalty to the center. Many

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<sup>22</sup> One analogy could be that of criminal gangs: while there is a literature looking at gangs from the perspective of rational rent-maximization (Levitt and Venkatesh, 2000), other papers confirm the relevance of the “content of communication” and status for their development (Horowitz and Schwartz, 1974); Gambetta (1991) even points out the fundamental role of symbols in the emergence of the mafia structures. My results suggest simply that politicians are not different than the rest.

active protagonists of decentralization “changed” their verbal attitude, turning into supporters of re-centralization.

In this context highly significant and positive effect of past “words” may indicate the willingness of the central government to “reward” those who decided to shift their rhetoric. Or, stated otherwise, the effect is caused not by the past “words” themselves, but rather by the change of rhetoric, where regions which experienced the greatest change of rhetoric were “rewarded” most. Although I cannot test this conjecture empirically (given the data I have), it seems to be highly plausible given the extreme unwillingness of Russian high-ranked politicians to make any critical statements under Putin: basically, it means that under Putin no rhetoric differences were observed between governors, and therefore governors with higher “words” in the past also exhibited stronger reduction of “words” variable. If the central government’s behavior is determined by the threat of “contagion” of separatism, similar logic explaining the positive sign can be applied.

## **6.2. Irrelevance of “deeds”**

The insignificant result for “deeds” should also be discussed. On the one hand, it is possible that it reflects the measurement problem: in this case regional acts simply did not matter for the economy, and hence unsurprisingly were ignored by the appointment policies. This claim, however, is not confirmed by numerous observations of the “war of laws” in Russia, which often refer to significant impact of regional legislation (see Polishchuk, 2001). Second, it is possible that other aspects of the “real” devolution were more important; although several robustness checks have been used, they obviously cannot capture the whole variety of variables relevant for the decisions. Finally, the result can be driven simply by the fact that facing a sophisticated and often costly (in terms of relations with regional governor) re-appointment decision, federal government has to prioritize, and the “words” may have higher weight in the utility function. Nevertheless, to err on the side of caution, one should probably say that the obtained results do show a robust significant impact of “words”, while for “deeds” my findings can be driven by the absence of the “relevant” proxy.

A further aspect to be taken into considerations is the institutional reforms implemented in the Russian administrative system in the 2000s. While in the year 2000 the regional minister of interior (as



well as prosecutor) was directly subordinated to the federal minister, in 2007 there was an additional layer established: prosecutors and agencies of the Ministry of Interior on the level of the new “federal districts”: groups of regions directed by an appointed presidential representative. This layer is sometimes claimed to draw a significant portion of authorities from the actual regional level. Hence, it is possible that what I observe in the data also comes from the fact that the regional officials became less important: therefore the federal government could be willing to be more “open” to regional governors while appointing heads of regional security agencies, and at the same time maintain control through federal appointees in the federal districts (all districts were established just in 2000 and were directed by presidential representatives without links to the regions – often from the military or the FSB). It could imply that the federal government does care for “words”, but only if consequences in terms of “deeds” are not dramatic (some results for the interaction terms reported in what follows could confirm this conclusion).

### **6.3. Differences between agencies**

One more puzzling piece of evidence generated by this paper, which deserves special discussion, is the existing differences in effects of “words” and “deeds” across agencies. Specifically, robust effects are present just for the Ministry of the Interior; all other agencies either provide no evidence whatsoever or are not robust. As already mentioned, even finding the significance of “words” just for one crucial security agency is striking, if one takes the importance of careful planning in this area into account; however, differences between agencies deserve some attention. The most obvious explanation is directly linked to the distribution of pre- and post-reappointment political bias (*Figure 3*). The Ministry of Interior is the only agency where a clear shift of the distribution is observed; thus it is also reasonable to assume that one is able to find robust effects only in this case. This, in turn, is related to two factors. First, other agencies have been captured to a significantly lower extent (it is particularly true for the FSB); regional bias of the year 2000 for the Ministry of Interior has been much higher than for other agencies – therefore there has been much more effort of the central government in terms of re-appointments. Second, regional ministries of interior are more difficult to control than other regional branches of the federal government due to the institutional organization: until recently the financing

of the Ministry of Interior has been partly implemented by regions, what is not the case, for example, for the FSB. Therefore appointment policy for this agency matters more. Hence, one can simply assume that re-appointment data for the FSB and the Prosecutor's Office are much more "noisy" than those for the Ministry of Interior, and thus the type two error becomes more likely.

#### 6.4. Credible commitments

In addition, as mentioned the results may have a more general meaning related not just to the analysis of devolution, and contribute to the understanding of the role of non-credible threats in bargaining. A claim which probably most economists will share is that in negotiations arguments of parties matter only if they are credible. If a threat of a participant in negotiations is certainly non-credible (for example, because information on her endowment or other actions is available), one would hardly expect her opponents to react on that (Houba and Bolt, 2002). However, in the laboratory settings it has been shown that cheap talk can effectively influence the behavior of the parties even if the verbal threat cannot be verified and that lies about private information *can* influence the behavior of parties (Crosson et al., 2003; Tingley and Walter, 2008), although other experiments suggest absent effect of cheap talk (Forsyth et al., 1991).<sup>23</sup> It is however quite difficult to relate these findings to the real world behavior, simply because in the non-experimental situations the knowledge of the "rules of the game" played in a particular situation is highly imperfect. Stated otherwise, any supposedly "non-credible" threat influencing political behavior in bargaining situations could simply represent extreme loss aversion of the bargaining partners, which intend to avoid even the smallest possible risk. In order to properly test the relevance of non-credible threats in a non-experimental setting it would probably be nice to have a case when both threats *and* realizations of behavior of the bargaining party are observed to the other party: this is exactly what one gets in the setting of this paper, if declarations of elites are interpreted as *threats* and the share of contradicting acts as *realization of these threats*. In 2000 the presidential administration could immediately assess the credibility of these threats made in the first half of the 1990s simply observing the subsequent behavior of regional governors (which, as already

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<sup>23</sup> The debate can also be linked to the social constructivism approach in social sciences, arguing that the actions of participants in negotiations may be driven by the conformity to the permanently changing social norms, which could make even non-credible threats relevant for negotiations (Risse, 2000).

mentioned, has also been known to the federal administration by the definition of the respective variable – based on the reports of the Ministry of Justice).

In this case one could say that the paper shows not just the importance of claims made by political agents in negotiations, but that even if they are non-credible (i.e. declarations of the elites are not followed by real devolution decisions) they still matter for the parties – because, as discussed, they may have preferences over the *content* of communication, and not just over *actions* of players (or think about the perception by less informed other agents – for example, foreign public opinion and governments or other regional administrations). Since time-inconsistency belongs to the main explanations of suboptimality of policy decision-making in the current literature (Dixit and Romer, 2006), this modification becomes particularly important: if agents “like” and “dislike” what politicians “promise to them” per se (regardless of what is actually done), making a time-inconsistent claim may be still relevant for politics. However, this interpretation of the results of this paper probably assumes “too much”, especially because, as I mentioned, the findings are present not just in the subsample of regions ruled by the same governors (as it would be expected), but also when the governors who made the declarations in the first half of the 1990s were replaced. Moreover, it is difficult to clearly justify the link between declarations and policies: the former could have resulted in other actions than simple re-arrangements of the regional legislation, and then there is no clear reason to believe that the share of contradicting acts indeed captures all the realizations of a threat. Nevertheless, the importance of “words” over “deeds” still remains an interesting finding.

A further problem with this interpretation is associated with the relation between “deeds” and actual secession threat. Higher number of acts violating federal law is not necessarily associated with the desire of the region to formally secede from the federation: one can imagine secession initiatives, where the new independent state maintains basically the same law, which existed before secession (for example, if secession is driven by the ethnic conflicts and nationalist aspirations). So what does the variable of “deeds” actually capture? There are three points to be taken into account. First, if one claims that the existing set of laws is used by the central government to control regional economies and politics, the secession without legal changes is impossible: for instance, the citizenship law has to be adjusted, as well as the tax law etc. And it is indeed the case that in Russia many “violations” of the

“deeds” variable were associated with the de-facto amendments of the citizen rights (e.g. to vote at local elections or referenda, see Zolotareva 1999).

Second, if secession takes place and no laws are changed, it would imply that the rents from the region are still controlled by the central elite, although it is formally independent.<sup>24</sup> Then the “secession” is but of the symbolic nature; though it may be by the nationalist movements in ethnic regions, the central government may be willing to prevent it only if it cares about symbols – and then the variable of “deeds” chosen in this paper is still reasonable.<sup>25</sup> Nevertheless, in this case “words” are even not intended to serve as signals for “deeds” by the regional administrations. However, this problem is of general nature and not just related to this paper. If one believes that “words” are “said” just because “people like to say them” – and the idea of secession without any changes in the legal and political structure represents exactly this scenario (the only benefit the regional elites and populations receive is the self-perception of being independent – which, once again, cannot be dismissed *ex ante* as the motivation of the secessionists) – then *any* signal in *any* situation can be interpreted like ultimately unrelated to the subsequent action (which is in political economics usually defined as a re-allocation of rents and resources).

Third, it is also the case that the variable of “words” I use captures not only the statements considering just the secessions, but, generally speaking, also the public aspiration for stronger *devolution* made by individual governors – secession is just the “extreme case” with very high scores. For the devolution, however, the share and number of violations of federal law is a much better proxy. Decentralization is usually described as an “explicit” contract determining the power of the region depending upon the costs and the benefits of secession. However, in the Russian context with formally very high centralization and presence of federal-level regulations for almost all policies the violations of federal law can demonstrate the “implicit” contract made by the central government and the Russian regions in the 1990s: it shows insofar the federal government is unable to control regional administration and

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<sup>24</sup> Somewhat similar to some instances of de-colonization in the last decades, when the former colonial power kept control over the most attractive assets and over local politics and military maintained its bases in the new independent country.

<sup>25</sup> Of course, with these secessions under de-facto control of the great power the problem of credible commitments arises (as the post-colonial history shows very well). This issue is then similar to the interpretation of “words as long-term secession threats” we have discussed above.

the latter is able to pass its own law, weighting the benefits of this action against the potential costs of federal intervention (cf Libman 2010). If the devolution is not associated with any legal changes, it is meaningless in economic sense (and also not so attractive for the regional elites and population, since the symbolic gains are much lower).

It should be noted that so far interpreting the results of my paper I avoided using the term “reputation” to describe either “words” or “deeds”. Reputation is a central concept for the discussion of non-credible claims, and of course the decisions discussed are related to reputation formation (which can also explain this long-lasting “institutional memory”). However, reputation obviously relates to both claims and actions of the agents: the advantage of this paper is not just that we look at the political reactions on the decisions of the opponents in the past (and therefore show whether the politicians “remember” what happened then), but we also disentangle “reputations” based on just public claims and on just observable actions – what is probably an interesting exercise.<sup>26</sup>

From this perspective the paper is also related to the empirical literature on the credibility of political commitments, for example, in the electoral competition (see Elinder et al., 2008, p. 12, for a survey). However, unlike these studies, I am not interested in whether promises are fulfilled: but rather intend to understand the reaction of one of the bargaining parties on promises made by the other party. In this respect the paper relates to the study of Elinder et al (2008), who show that in Swedish elections voters respond to the campaign promises, but not to the later implementation of the reforms. However, the results of my paper are much more extreme. First, I study the bargaining between politicians and bureaucrats, and not the public voting. Second, for Sweden (as well as for several other developed countries) there is arguably a large share of promises which are fulfilled; so, the voters act prospectively (and to some extent capitalize the future gains already during the voting stage). In the setting of this paper the federal government is *already aware of* the fact that promises were not fulfilled and still reacts on them – and it calls for a different explanation. In fact, although both papers conclude that “words” matter, their theoretical interpretation is very different: Elinder et al. (2008) find out that voters, often expected to base their reaction on rational ignorance, emotions and uncer-

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<sup>26</sup> From this point of view allowing regions to implement “their own” acts could be similar to the more “open” asymmetric decentralization of power-sharing treaties, which served as an important tool of “divide and rule” policy of the Russian center, see Hale 2005.

tainty, are in fact very much able to “capitalize” the future gains in the present decisions, while I show that bureaucrats and politicians, arguably very careful when making decisions for crucial appointments, pay more attention to what people say than to what they do.

## 7. Conclusion

The aim of this paper was to look at the appointment policies in the territorial divisions of Russian security agencies between 2000 and 2007 in order to use this natural quasi-experiment to understand the relative importance of real re-allocation of resources and of “symbolic gestures” of regional governments. Surprisingly, a robust result of the paper is that “symbols” play a more important role than “rents” – even in a non-democracy like Russia, where electoral concerns are less important, and for agencies of crucial political importance. In fact, the Russian federal government seems to have a particularly “long memory” regarding the declarations of regional elites: they seem to matter even after the governors, who made them, are long gone (though the last result should be treated with extreme caution). The paper finds that declarations of regional elites have a significant and robust impact on re-appointments in the Ministry of Interior. For the Prosecutor’s Office (oversight of other security agencies and criminal investigation) I find a more expected evidence of specific focus on “deeds” instead of “words”; however, the result is less robust from the point of view of specification – the variable’s significance depends on the set of controls; it also changes sign on several occasions, and thus should conservatively not be interpreted. Finally, for the Federal Security Service neither “words” nor “deeds” seem to matter; however, this agencies seems to be least “captured” in the 1990s and hence relatively unaffected by the Putin’s reforms.

This result is interesting from several points of view. First, it provides some evidence that in the devolution and secession conflicts parties pay even greater attention to the symbolic gestures of their opponents than to the real distribution of rents. It may driven by the preferences and ego-rents, or by the feat of the “contagion” of the secession and decentralization and the potential changes in the perception of the devolution by other countries. Hence, concentration on redistributive consequences of devolution is insufficient to explain the patterns of decentralization and their divergence in different countries: it may be even more important to look at how the devolution process is framed in a particu-

lar situation. Moreover, since it is often more difficult to find a compromise for “symbols” than for the rents, the importance of the declarations is relevant to understand the difficulty of the devolution conflicts. In this case introducing transfers between regions (what is probably the standard attempt to make a mechanism incentive-compatible) does not solve the problem of the conflicts over decentralization: the key issue may be to find common ground for the symbolic gestures. Finally, with several caveats it can contribute to our understanding of the role of credible commitments in politics in general.

One should notice though that some robustness checks call for slight adjustments in the interpretation of the results. First, for the Ministry of Interior it looks like federal government takes “words” into account just for regions with weak “actual” devolution (measured by deeds); this subsample actually drives the results. Second, federal government had different attitude towards “powerful” regions with active public position and “weak” regions with high “words” indicators: while in the former case it preferred appointing “outsiders”, in the latter case it appointed “local” representatives. Hence, what one actually has to deal with is a more complex interactions between “words”, “deeds” and power of the region, and therefore the effect could be more subtle. However, it does not change the main message of the relevance of “just” verbal communication not supported by actual devolutionary activity in bargaining.

In addition, the paper showed that, although the generally declared aim of the re-appointment policy of the federal government in Russia was to strengthen federal control over regional bureaucracies, the influence of factors determining bargaining power of regions on appointments partly provides mixed evidence: the central government seems to be more aggressive in appointing bureaucrats in “weak regions” and more cautious in “strong regions”, which theoretically should become the center of re-appointment policies. As mentioned above, central control over appointment policies may result in re-evaluation of the degree of decentralization achieved in a particular country. The claim that Russia became more centralized in the 2000s – partly because of increasing control of the federal center over regional bureaucracy – is currently accepted by most students of federalism. However, this paper shows that even in this environment the federal appointment policy should not be overestimated – and that even in spite of general centralization trend strong regions could maintain their bargaining posi-

tion in the federation. To conclude, even highly centralized federations with announced centralization intensions of leading political actors, may in fact provide substantial autonomy for influential regions, and rather increase the level of centralization in the rest of the country - and therefore the task of measuring decentralization and devolution for econometric research becomes even more challenging.

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## Appendix A: Data

**Table A1: Summary statistics**

Variable	Obs	Mean	Std. Dev.	Min	Max
Change in regional bias (FSB)	83	-0.42	1.11	-3.00	2.00
Change in regional bias (Ministry of Interior)	79	-1.34	1.62	-3.00	3.00
Change in regional bias (prosecutor's office)	84	-0.74	1.73	-3.00	3.00
Contradicting acts (share)	88	0.10	0.05	0.00	0.31
Contradicting acts (number)	88	267.33	152.32	5.00	798.00
Crime rates	87	2123.10	611.15	365.00	3537.57
Declarations	88	2.82	0.50	1.60	4.33
Democracy (1995-1999)	88	27.57	6.24	14.00	45.00
Democracy (2000-2006)	84	28.80	6.31	17.00	45.00
Distance from Moscow	88	2.64	2.93	0.00	12.87
Dummy border region	88	0.42	0.50	0.00	1.00
Dummy Northern Caucasus	88	0.08	0.27	0.00	1.00
Dummy power sharing treaty	88	0.52	0.50	0.00	1.00
Dummy Red Belt	88	0.13	0.33	0.00	1.00
Dummy republic	88	0.23	0.42	0.00	1.00
Fiscal transfers (1995-1999)	88	0.23	0.18	0.01	0.75
Fiscal transfers (2000-2006) <sup>27</sup>	88	0.29	0.20	-0.04	0.83
Regional bias (FSB, 2000)	86	0.79	1.27	0.00	3.00
Regional bias (FSB, 2007)	83	0.40	0.99	0.00	3.00
Regional bias (Ministry of Interior, 2000)	88	2.26	1.18	0.00	3.00
Regional bias (Ministry of Interior, 2007)	79	1.03	1.40	0.00	3.00
Regional bias (Prosecutor's Office, 2000)	88	1.75	1.46	0.00	3.00
Regional bias (Prosecutor's Office, 2007)	84	1.07	1.40	0.00	3.00
Natural resources I	78	33.08	12.67	3.00	42.00
Natural resources II	78	5.40	1.06	2.00	6.00
Oil and gas (1995-1999)	88	0.02	0.10	0.00	0.79
Oil and gas (2000-2006)	84	0.02	0.11	0.00	0.79
Population (1995-1999)	88	1.68	1.51	0.02	8.55
Population (2000-2006)	84	1.73	1.57	0.04	9.88
Power of governors	88	7.00	0.69	5.70	8.50
OVR share	88	10.74	11.93	2.24	87.98
MEDVED share	88	26.76	8.94	1.04	70.8
Communist Party share	88	24.27	8.43	1.82	42.13
Share of Russians	88	0.75	0.24	0.01	0.97
Territory	88	0.23	0.46	0.00	3.10

<sup>27</sup> Negative transfers were reported in several years by the Khanty-Mansy district, which is the main source of the Russian oil exports and at the same time as unit subordinate to yet another constituent of the federation (Krasnoyarsk) subject to a specific budgeting procedure.

**Table A2: Description of variables**

<b>Name</b>	<b>Description</b>	<b>Period</b>	<b>Source</b>
Change in regional bias (FSB)	Regional bias (FSB) in 2007 minus regional bias (FSB) in 2000	2000-2007	Petrov, 2009
Change in regional bias (Ministry of Interior)	Regional bias (Ministry of Interior) in 2007 minus regional bias (Ministry of Interior) in 2000	2000-2007	Petrov, 2009
Change in regional bias (Prosecutor's Office)	Regional bias (Prosecutor's Office) in 2007 minus regional bias (Prosecutor's Office) in 2000	2000-2007	Petrov, 2009
Communist Party share	Share of votes for the Communist Party in State Duma elections 1999	1999	Central Electoral Committee, IRENA database
Contradicting acts (share)	Number of acts assessed as contradicting the federal legislation over total number of acts assessed as either contradicting or conforming the federal legislation	2006	Ministry of Justice
Contradicting acts (number)	Number of acts assessed as contradicting the federal legislation	2006	Ministry of Justice
Crime rate	Number of crimes per 100,000 inhabitants of the region	2000-2006	Goskomstat <sup>28</sup>
Declaration	Index of declaration of regional elites in 1991-1995 based on count of events, e.g. statements of sovereignty of the region, requests to reallocate powers in the federation etc. The higher value of index represents a greater support of decentralisation	1995	Dowley, 1998
Democracy	Index of democratisation of the region, estimated by the experts of the Carnegie Centre in Moscow. The higher value of index represents a higher degree of democratisation; annual data averaged over two time periods. For 2005-2006 value for 2004 is used	1991-2004	Carnegie Centre and Independent Institute for Social Policy
Distance from Moscow	Distance between the capital of the region and Moscow, thousands of km, 0 for Moscow and Moscow oblast, identical for St. Petersburg and St. Petersburg oblast	n.a.	Goskomstat
Dummy border region	1 if the region has a border to any state outside the Russian Federation, 0 otherwise	n.a.	Own estimation
Dummy Northern Caucasus	1 for Stavropol, Adygeia, Dagestan, Ingushetia, Kabardino-Balkaria, Karachaevo-Cherkessia and Northern Ossetia, 0 otherwise	n.a.	Own estimation
Dummy power-sharing agreement	1 if there was a power-sharing agreement in force by 2000, 0 otherwise		Garant, own estimation
Dummy Red Belt	1 if the region had a Communist governor in 1999, 0 otherwise	1999	CIPKR, 2003
Dummy republic	1 if the region has the status of a republic, 0 otherwise	n.a.	Own estimation
Fiscal transfers (1995-1999)	Average share of fiscal transfers from other budgets to the total budget expenditures of the region in 1995-1999	1995-1999	Ministry of Finance; State Treasury
Fiscal transfers (2000-2006)	Average share of fiscal transfers from other budgets to the total budget expenditures of the region in 2000-2006	2000-2006	Ministry of Finance; State Treasury
MEDVED share	Share of votes for MEDVED in State Duma elections 1999	1999	Central Electoral Committee, IRENA database

<sup>28</sup> Goskomstat refers to the Russian federal statistical agency

<b>Name</b>	<b>Description</b>	<b>Period</b>	<b>Source</b>
Natural resources I	Ranking of regions from 1 (highest resources) to 42 (lowest resources) based on the deposits of oil, gas, coal and gold	1998	Vainberg and Rybnikova, 2006
Natural resources II	Ranks regions from 1 (highest resources) to 6 (lowest resources) depending upon the value of their explored natural resource deposits (USD)	1996	Vainberg and Rybnikova, 2006
Oil & gas share	Average share of oil extraction in the region in the total oil extraction in Russia plus share of the gas extraction in the region to the total gas extraction in Russia over two; annual data averaged over two time periods	1995-1999; 2000-2006	Goskomstat
OVR share	Share of votes for OVR in State Duma elections 1999	1999	Central Electoral Committee, IRENA database
Population	Average population of the region, mln. people; annual data averaged over two time periods	1995-1999; 2000-2006	Goskomstat
Power of governors	Index of power of regional governors, based on data like years in office, share on regional elections, control of parliament etc. The higher value of index represents a higher influence of regional governor.	1995-2000	Jarocinska, 2004
Regional bias (FSB)	Index of connections between director of regional FSB office and the region, from 0 to 3, 0 = no connections, 3 = strong connections	2000; 2007	Petrov, 2009
Regional bias (Ministry of Interior)	Index of connections between director of regional Ministry of Interior office and the region, from 0 to 3, 0 = no connections, 3 = strong connections	2000; 2007	Petrov, 2009
Regional bias (Prosecutor's Office)	Index of connections between director of regional Prosecutor's Office office and the region, from 0 to 3, 0 = no connections, 3 = strong connections	2000; 2007	Petrov, 2009
Share of Russians	Share of ethnic Russians in the region's population	2002	Russia's Census, 2002
Territory	Territory of the region, mln. sq.km, 0 for Moscow and St. Petersburg	n.a.	Goskomstat

## Appendix B: Convergence of regional bias

**Table B1: Personnel appointment for the Ministry of Interior, dep.var.: difference in regional bias index between 2000 and 2007, initial regional bias included**

	(B1) OLS	(B2) OLS	(B3) OLS	(B4) OLS	(B5) OLS	(B6) Ordered logit	(B7) Ordered logit	(B8) Ordered logit	(B9) Ordered logit	(B10) Ordered logit
<b>Regional bias 2000</b>	<b>-0.694***</b> (0.125)	<b>-0.691***</b> (0.124)	<b>-0.708***</b> (0.124)	<b>-0.694***</b> (0.126)	<b>-0.709***</b> (0.125)	<b>-1.172***</b> (0.216)	<b>-1.177***</b> (0.216)	<b>-1.403***</b> (0.272)	<b>-1.169***</b> (0.214)	<b>-1.401***</b> (0.270)
<b>Dummy republic</b>	<b>-1.234***</b> (0.401)	<b>-1.334***</b> (0.390)	<b>-2.546***</b> (0.489)	<b>-1.233***</b> (0.404)	<b>-2.549***</b> (0.490)	<b>-1.589*</b> (0.842)	<b>-1.828**</b> (0.835)	<b>-5.094***</b> (1.446)	<b>-1.591*</b> (0.827)	<b>-5.091***</b> (1.444)
<b>Dummy border region</b>	<b>-0.586*</b> (0.327)	<b>-0.600*</b> (0.325)	-0.416 (0.327)	<b>-0.586*</b> (0.326)	-0.419 (0.328)	<b>-0.946*</b> (0.555)	<b>-0.956*</b> (0.556)	-0.657 (0.593)	<b>-0.939*</b> (0.552)	-0.648 (0.590)
<b>Distance from Moscow</b>	-0.020 (0.058)	-0.036 (0.064)	-0.081 (0.056)	-0.021 (0.058)	-0.080 (0.055)	-0.026 (0.102)	-0.062 (0.112)	-0.158 (0.122)	-0.037 (0.099)	-0.164 (0.120)
<b>Share of Rus- sians</b>	<b>-2.985***</b> (0.952)	<b>-2.916***</b> (0.959)	<b>-1.722*</b> (1.018)	<b>-2.980***</b> (1.013)	-1.746 (1.078)	<b>-4.411**</b> (1.963)	<b>-4.290**</b> (1.988)	-2.582 (1.682)	<b>-4.242**</b> (2.032)	-2.522 (1.749)
<b>Territory</b>	0.170 (0.545)	0.188 (0.562)	0.244 (0.534)	0.169 (0.560)	0.251 (0.550)	0.182 (0.994)	0.234 (1.057)	0.320 (0.974)	0.135 (0.949)	0.301 (0.959)
<b>Population (2000-2006)</b>	0.071 (0.097)	0.072 (0.097)	0.059 (0.085)	0.070 (0.100)	0.061 (0.090)	0.060 (0.148)	0.070 (0.148)	0.050 (0.133)	0.042 (0.153)	0.042 (0.143)
<b>Oil and gas (2000-2006)</b>	<b>-2.962**</b> (1.194)	<b>-2.976**</b> (1.170)	<b>-4.223***</b> (1.324)	<b>-2.969**</b> (1.225)	<b>-4.197***</b> (1.369)	<b>-8.318***</b> (2.601)	<b>-7.900***</b> (2.653)	<b>-15.260***</b> (4.475)	<b>-8.680***</b> (2.647)	<b>-15.415***</b> (4.618)
<b>Democracy (2000-2006)</b>	0.020 (0.032)	0.020 (0.032)	0.004 (0.032)	0.020 (0.034)	0.004 (0.033)	0.044 (0.050)	0.045 (0.049)	0.028 (0.057)	0.039 (0.053)	0.025 (0.059)
<b>Dummy North- ern Caucasus</b>	0.578 (0.653)	0.569 (0.657)	<b>1.292**</b> (0.636)	0.579 (0.661)	<b>1.290**</b> (0.643)	1.077 (1.248)	1.098 (1.249)	<b>2.952**</b> (1.197)	1.123 (1.265)	<b>2.954**</b> (1.193)
<b>Contradicting acts</b>		2.283 (2.851)	2.280 (2.635)		2.251 (2.606)		4.848 (4.527)	4.696 (4.425)		4.805 (4.326)
<b>Declarations</b>			<b>1.552***</b> (0.483)		<b>1.555***</b> (0.480)			<b>3.765***</b> (1.305)		<b>3.749***</b> (1.292)
<b>Power of gover- nors</b>				0.006 (0.280)	-0.026 (0.271)				0.18 -0.468	0.083 -0.49
<b>Constant</b>	2.422** (1.073)	2.186* (1.106)	-2.277 (1.849)	2.384 (2.165)	-2.111 (2.707)					
<b>Observations</b>	79	79	79	79	79	79	79	79	79	79
<b>R<sup>2</sup></b>	0.415	0.419	0.485	0.415	0.485					
<b>Pseudo R<sup>2</sup> LR proportional odds test</b>						0.210 58.35**	0.214 59.21**	0.282 55.00	0.210 57.61**	0.282 56.72
<b>J.-B. test</b>	5.988*	6.022**	4.559	5.979*	4.581					

Note: See Table 1. Outliers are: (B1): Khabarovsk, Briansk, Nizhniy Novgorod, Novosibirsk, Omsk, Leningradskaja; (B2): Khabarovsk, Krasoniarsk, Briansk, Leningradskaya, Nizhniy Novgorod, Novosibirsk, Omsk, Vologda, Sakha; (B3): Khabarovsk, Krasnoyarsk, Novosibirsk, Riazan, Sverdlovsk; (B4): Khabarovsk, Briansk, Nizhniy Novgorod, Novosibirsk, Leningradskaja, Omsk; (B5): Khabarovsk, Krasnoyarsk, Novosibirsk, Riazan, Sverdlovskaja. Exclusion of outliers does not lead to any change in any regression, with the exception of oil and gas in regression (B2), which becomes insignificant, but holds its sign.

**Table B2: Personnel appointment for Prosecutor's Office, dep.var.: difference in regional bias index between 2000 and 2007, initial regional bias included**

	(B11) OLS	(B12) OLS	(B13) OLS	(B14) OLS	(B15) OLS	(B16) Ordered logit	(B17) Ordered logit	(B18) Ordered logit	(B19) Ordered logit	(B20) Ordered logit
<b>Regional bias 2000</b>	<b>-0.752***</b> (0.098)	<b>-0.767***</b> (0.096)	<b>-0.770***</b> (0.099)	<b>-0.754***</b> (0.100)	<b>-0.770***</b> (0.100)	<b>-1.581***</b> (0.314)	<b>-1.888***</b> (0.335)	<b>-1.890***</b> (0.334)	<b>-1.584***</b> (0.311)	<b>-1.889***</b> (0.334)
<b>Dummy republic</b>	0.469 (0.593)	0.719 (0.574)	0.674 (0.661)	0.465 (0.605)	0.672 (0.670)	0.660 (0.999)	1.279 (1.069)	1.247 (1.254)	0.628 (1.029)	1.242 (1.279)
<b>Dummy border region</b>	-0.341 (0.318)	-0.291 (0.310)	-0.285 (0.318)	-0.322 (0.324)	-0.282 (0.323)	-0.627 (0.557)	-0.507 (0.578)	-0.503 (0.590)	-0.582 (0.563)	-0.498 (0.586)
<b>Distance from Moscow</b>	0.117 (0.070)	<b>0.154**</b> (0.067)	<b>0.152**</b> (0.068)	0.109 (0.075)	<b>0.151**</b> (0.075)	0.161 (0.146)	<b>0.248*</b> (0.128)	<b>0.247*</b> (0.130)	0.146 (0.156)	<b>0.245*</b> (0.147)
<b>Share of Russians</b>	1.006 (1.158)	0.770 (1.127)	0.815 (1.237)	1.095 (1.181)	0.832 (1.268)	1.409 (1.859)	0.787 (1.938)	0.810 (2.058)	1.554 (1.837)	0.829 (2.057)
<b>Territory</b>	<b>-0.502**</b> (0.215)	<b>-0.530**</b> (0.206)	<b>-0.528**</b> (0.209)	<b>-0.526**</b> (0.214)	<b>-0.532**</b> (0.205)	-0.863 (0.595)	<b>-1.047*</b> (0.628)	<b>-1.047*</b> (0.629)	<b>-0.926*</b> (0.563)	<b>-1.055*</b> (0.591)
<b>Population (2000-2006)</b>	<b>0.262***</b> (0.095)	<b>0.260***</b> (0.089)	<b>0.260***</b> (0.089)	<b>0.253**</b> (0.097)	<b>0.258***</b> (0.092)	<b>0.419**</b> (0.191)	<b>0.439**</b> (0.192)	<b>0.439**</b> (0.191)	<b>0.405**</b> (0.195)	<b>0.437**</b> (0.199)
<b>Oil and gas (2000-2006)</b>	2.302 (1.582)	<b>2.321*</b> (1.391)	2.280 (1.430)	2.185 (1.624)	2.258 (1.501)	<b>3.431*</b> (1.970)	<b>3.926**</b> (1.811)	<b>3.900**</b> (1.925)	3.231 (2.054)	<b>3.876*</b> (2.096)
<b>Democracy (2000-2006)</b>	<b>-0.056*</b> (0.029)	<b>-0.057**</b> (0.029)	<b>-0.058*</b> (0.030)	<b>-0.059*</b> (0.032)	<b>-0.058*</b> (0.032)	<b>-0.094*</b> (0.052)	<b>-0.104*</b> (0.062)	<b>-0.104*</b> (0.062)	<b>-0.100*</b> (0.057)	-0.105 (0.064)
<b>Dummy North-ern Caucasus</b>	-0.138 (0.729)	-0.093 (0.773)	-0.061 (0.827)	-0.126 (0.721)	-0.060 (0.830)	-0.242 (1.157)	-0.146 (1.385)	-0.126 (1.466)	-0.222 (1.131)	-0.124 (1.459)
<b>Contradicting acts</b>		<b>-6.406**</b> (3.006)	<b>-6.414**</b> (3.022)		<b>-6.380**</b> (3.083)		<b>-16.474**</b> (7.313)	<b>-16.466**</b> (7.316)		<b>-16.408**</b> (7.575)
<b>Declarations</b>			0.059 (0.540)		0.058 (0.542)			0.039 (0.979)		0.038 (0.978)
<b>Power of govern-ors</b>				0.097 (0.283)	0.019 (0.281)				0.191 (0.486)	0.024 (0.485)
<b>Constant</b>	0.857 (1.255)	1.563 (1.233)	1.394 (2.048)	0.232 (2.035)	1.272 (2.731)					
<b>Observations</b>	84	84	84	84	84	84	84	84	84	84
<b>R<sup>2</sup></b>	0.472	0.500	0.500	0.473	0.500					
<b>Pseudo R<sup>2</sup></b>						0.281	0.320	0.320	0.282	0.321
<b>LR proportional odds test</b>						70.45***	90.44***	90.58***	71.99***	90.73***
<b>J.-B. test</b>	5.803*	5.300*	5.228*	5.739*	5.202*					

Note: see Table 1. Outliers are in (B11) Lipetsk, Bashkortostan, Buriatia, Novosibirsk, Saratov and Leningradskaya; (B12): Khabarovsk, Amur, Leningradskaya, Lipetsk, Novosibirsk, Bashkortostan, Buriatia; (B13) Leningradskaya, Lipetsk, Novosibirsk, Bashkortostan and Buriatia, (B14): the same regions as in (B13) and Saratov and (B15) Khabarovsk, Buriatia Lipetsk, Leningradskaya, Novosibirsk and Bashkortostan. There are no changes after exclusion of outliers.

**Table B3: Personnel appointment for Federal Security Service, dep.var.: difference in regional bias index between 2000 and 2007, initial regional bias included**

	(B21) OLS	(B22) OLS	(B23) OLS	(B24) OLS	(B25) OLS	(B26) Ordered logit	(B27) Ordered logit	(B28) Ordered logit	(B29) Ordered logit	(B30) Ordered logit
<b>Regional bias 2000</b>	<b>-0.581***</b> (0.114)	<b>-0.581***</b> (0.115)	<b>-0.586***</b> (0.116)	<b>-0.586***</b> (0.117)	<b>-0.592***</b> (0.119)	<b>-1.703***</b> (0.418)	<b>-1.697***</b> (0.421)	<b>-1.724***</b> (0.424)	<b>-1.681***</b> (0.414)	<b>-1.703***</b> (0.419)
<b>Dummy republic</b>	-0.490 (0.326)	-0.505 (0.330)	<b>-0.652*</b> (0.373)	-0.493 (0.328)	<b>-0.656*</b> (0.377)	<b>-2.249**</b> (0.990)	<b>-2.151**</b> (1.039)	<b>-2.710**</b> (1.330)	<b>-2.274**</b> (1.021)	<b>-2.709**</b> (1.344)
<b>Dummy border region</b>	0.048 (0.199)	0.044 (0.204)	0.058 (0.210)	0.037 (0.194)	0.047 (0.203)	0.206 (0.756)	0.244 (0.798)	0.295 (0.846)	0.301 (0.676)	0.377 (0.751)
<b>Distance from Moscow</b>	0.045 (0.031)	0.043 (0.030)	0.038 (0.031)	0.048 (0.031)	0.041 (0.032)	0.090 (0.141)	0.111 (0.150)	0.097 (0.156)	0.076 (0.137)	0.084 (0.152)
<b>Share of Russians</b>	-0.141 (0.733)	-0.137 (0.737)	-0.013 (0.750)	-0.190 (0.765)	-0.065 (0.779)	-2.119 (2.300)	-2.056 (2.332)	-1.655 (2.398)	-1.685 (2.462)	-1.278 (2.442)
<b>Territory</b>	<b>-0.507***</b> (0.169)	<b>-0.506***</b> (0.169)	<b>-0.498***</b> (0.168)	<b>-0.496***</b> (0.173)	<b>-0.485***</b> (0.173)	<b>-3.389*</b> (1.776)	<b>-3.534**</b> (1.764)	<b>-3.694**</b> (1.846)	<b>-3.694*</b> (1.954)	<b>-3.958**</b> (1.959)
<b>Population (2000-2006)</b>	<b>0.127*</b> (0.072)	<b>0.127*</b> (0.073)	<b>0.126*</b> (0.073)	<b>0.131*</b> (0.074)	<b>0.131*</b> (0.075)	0.323 (0.199)	<b>0.327*</b> (0.196)	0.321 (0.201)	0.283 (0.221)	0.284 (0.223)
<b>Oil and gas (2000-2006)</b>	0.879 (0.749)	0.877 (0.761)	0.719 (0.742)	0.918 (0.748)	0.757 (0.740)	<b>5.753*</b> (3.288)	<b>5.987*</b> (3.286)	<b>5.612*</b> (3.314)	<b>5.755*</b> (3.274)	<b>5.613*</b> (3.324)
<b>Democracy (2000-2006)</b>	-0.007 (0.019)	-0.007 (0.019)	-0.008 (0.018)	-0.005 (0.019)	-0.007 (0.019)	-0.001 (0.067)	-0.000 (0.067)	-0.005 (0.066)	-0.012 (0.070)	-0.015 (0.068)
<b>Dummy Northern Caucasus</b>	0.160 (0.275)	0.156 (0.276)	0.237 (0.291)	0.149 (0.283)	0.229 (0.297)	0.061 (0.708)	0.098 (0.718)	0.347 (0.734)	0.159 (0.801)	0.430 (0.772)
<b>Contradicting acts</b>		0.290 (1.311)	0.311 (1.324)		0.241 (1.397)		-1.503 (4.522)	-1.487 (4.453)		-1.396 (4.311)
<b>Declarations</b>			0.184 (0.271)		0.190 (0.273)			0.664 (1.067)		0.623 (1.115)
<b>Power of governors</b>				-0.040 (0.136)	-0.044 (0.143)				0.332 (0.695)	0.308 (0.721)
<b>Constant</b>	0.199 (0.760)	0.177 (0.775)	-0.348 (1.172)	0.472 (1.284)	-0.058 (1.550)					
<b>Observations</b>	83	83	83	83	83	83	83	83	83	83
<b>R<sup>2</sup></b>	0.543	0.544	0.546	0.544	0.546					
<b>Pseudo R<sup>2</sup> LR proportional odds test</b>						0.331 71.85***	0.331 72.22***	0.333 72.30***	0.332 77.64***	0.334 80.47***
<b>J.-B. test</b>	7.881**	8.193**	7.489**	7.666**	7.178**					

Note: See Table 1. Analysis of robustness of regression through exclusion of outliers in regression (B21), (B22) and (B24) is impossible, since in order to achieve non-significant Jarque-Bera most regressions should be excluded. Outliers in (B23) are Khanty Mansi, Aginsk Buriat, Moscow City, St. Petersburg, Altai Krai, Amur, Briansk, Cheliabinsk, Kaluga, Kemerovo, Leningradskaya, Moscow Oblast, Murmansk, Nizhiny Novgorod, Penza, Rostov, Smolensk, Sverdlovskaya, Tambov, Ulianovsk, Voronezh, Chuvashia, Komi, Tatarstan, Tyva, Udmurtia. In (B25) Krasnodar is also an outlier and Rostov is not, and other outliers coincide. After exclusion of outliers in (23) and (25) population and dummy republic become insignificant, but maintain their sign.