

Indecent Disclosures: Anticorruption Reforms and Political Selection

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Abstract: *Does the passage of anticorruption reforms affect the types of people that want to serve in government? This article evaluates the effects of a common tool to fight corruption—financial disclosures—using data on 25,642 elections in Putin-era Russia. I argue that financial disclosures function like a personal audit, generating information for journalists and prosecutors to investigate illicit gains earned inside and outside of government. Exploiting staggered elections, I find that requiring financial disclosures leads to roughly 25% fewer incumbents seeking reelection and 10% fewer candidates with suspicious financial histories. Greater media freedom and law enforcement capacity further increase the risk of corruption and tax evasion being uncovered, resulting in even fewer candidacies from those criminally exposed. Increasing transparency changes the incentives for serving in elected office, even in settings where other political motives may be at play.*

Verification Materials: The data and materials required to verify the computational reproducibility of the results, procedures, and analyses in this article are available on the *American Journal of Political Science* Dataverse within the Harvard Dataverse Network, at: <https://doi.org/10.7910/DVN/KDUMRM>.

Over the last decade, anticorruption reforms have become increasingly common around the world. Agencies have been established to investigate officials in numerous countries, while laws that increase transparency and raise bureaucrat salaries enjoy widespread appeal. One goal of these measures is to attract different types of people to work in government (Olken and Pande, 2012).¹ By reducing opportunities to engage in corruption, reformers want governments to hire officials more focused on serving the public interest, rather than pursuing their own private ends. But do anticorruption reforms affect political selection?

Unfortunately, we have little evidence that such reforms actually change the composition of government and attract better, or even different, types of individuals

to serve in political office. Campaigns undertaken in China and Russia are suspected of giving cover for the pursuit of political motives beyond tackling corruption (Orttung, 2014; Zhu and Zhang, 2017). Alternately, politicians in developed democracies bemoan the effects ethics laws have on their ability to recruit people to work in government. In 2017, Kellyanne Conway complained that the Trump Administration struggled to recruit officials because of the “hoops you have to jump through” to comply with ethics rules.²

This article examines one of the most common anticorruption reforms worldwide: disclosure laws that require government officials to declare their income and assets on a regular basis. As of 2017, such rules existed in 161 of 175 countries (Rossi, Pop, and Berger, 2017).

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I thank Ernesto Calvo, Lucia Motolinia Carballo, Jordan Gans-Morse, Scott Gehlbach, Dan Gingerich, Theocharis Grigoriadis, Florian Hollenbach, Stan Markus, Anne Meng, Mike Miller, John Reuter, and audiences at SPSA, WPSA, GWU, HSE, Harvard, NYU, Northwestern, Yale, UCSD, IADB, UVA, and Copenhagen for their excellent comments. This article was prepared within the framework of the HSE University Basic Research Program. dszakonyi@gwu.edu

¹The other main reason for increasing transparency is to improve government accountability to citizens (Olken, 2007; Ferraz and Finan, 2008).

²Simon, Mollie, and Marilyn Geewax. “Top Trump Aide Says Ethics Filings Discourage Potential Government Employees,” *National Public Radio*, July 27, 2017.

Ideally this information is posted on the internet, with sanctions imposed if officials refuse to comply or submit false information. I argue that introducing disclosure laws in opaque informational environments changes the types of people that want to run for office. Disclosures act as an audit of past behavior and simplify the work of other actors in society to investigate crimes committed by politicians. This information can expose individuals to criminal consequences for any corruption or financial crimes committed either inside or out of in office. Disclosures also lower the corruption-related utility of serving further in government; using elected office for future financial gain becomes less attractive if a paper trail of personal accounts is made mandatory.

We should then expect disclosure laws to most impact candidates with something criminal to hide. In places where transparency was previously low, incumbents may be concerned about their corruption in office coming to light. Disclosure laws thus generate turnover among already elected officials. These laws also change the incentives for people outside government who might be considering elected office. Disclosures reveal evidence of criminal financial acts, especially tax evasion, that office-seekers may have previously committed as private citizens. Candidates with suspicious financial histories will then be less likely to pursue elected office.

Next, the impact of disclosure laws depends on the capacity of other actors in society to act on the information divulged and pursue investigations. In democratic societies, independent media use disclosures to highlight politicians' corrupt or criminal pasts. But in authoritarian regimes where media is weaker, there are other bodies working to expose criminal behavior. Many law enforcement agencies reward their employees for fighting and prosecuting corruption. Where media freedom and law enforcement capacity are higher, passing disclosures laws generates critical information to build cases and creates greater risks for rent-seeking politicians.

I test these hypotheses using an original data set of 443,823 candidates to 25,642 municipal council elections in Russia from 2009 to 2017. In late 2015, a national amendment was passed that required municipal deputies to submit annual disclosures beginning the next year. As part of the reform, deputies could be (and have been) removed from office for submitting false information or failing to file a disclosure. My design exploits the fact that municipal elections in Russia are staggered across years, allowing for comparisons to be made between elections held immediately before and after this anticorruption reform was passed.

First, after the disclosures were required, incumbents ran for reelection at a roughly 25% lower rate.

Importantly, the vast majority of these incumbents were from the ruling party United Russia, indicating that the anticorruption drive has been used not to purge rivals, but rather to clean house within the government. The introduction of the disclosure law had nearly identical effects on both deputies that supported and opposed the regime. Second, individual entrepreneurs (i.e., small businesspeople who deal in cash transactions) are much less likely to run for office after the law is passed. In Russia, this group of business owners is associated with a greater likelihood of tax evasion and produces a longer, formal paper trail for investigators to uncover financial discrepancies. Finally, using several regional measures, I find that both incumbents and entrepreneurs run in even lower numbers in places where media freedom and law enforcement capacity are higher. If candidates do not fear that journalists and authorities will dig into their financial disclosures, then anticorruption reforms will fizzle.

To date, research has been mixed about whether disclosure laws influence the type of candidates that run for office. For example, Van Aaken and Voigt (2011) find no cross-national evidence that such reforms affect the number of businesspeople or lawyers running. In the United States, ethics laws may disincentivize candidacies among businesspeople, though the effect is only present in one time period and among winning candidates (Rosenson, 2006). More recently, Fisman, Schulz, and Vig (2019) find a decrease in incumbents rerunning for office in India after a disclosure law was passed, but the process acts with a delay. Incumbents exit politics only after disclosures reveal self-enrichment (i.e., growth in assets) over a term in office. My analysis shows a different mechanism: Anticorruption reforms can have an immediate impact on political selection by thrusting the spotlight on a candidate's initial level of income. Law enforcement agents and journalists in Russia quickly began verifying the disclosures immediately after they were released, sending a signal to incumbents that the status quo had changed. Disclosure laws thus may make it more difficult for politicians to use elected office to further their own personal and business interests (Faccio, 2006; Gehlbach, Sonin, and Zhuravskaya, 2010).

This article thus contributes to the small, but growing literature on the effectiveness of anticorruption reforms. Scholars have primarily focused on economic outcomes, such as the way reforms affect firm value and business entry (Zhang, 2016); work on electoral consequences is less common. Building on studies of government audits (Ferraz and Finan, 2008), this article not only shows how requiring transparency from individual politicians can affect electoral outcomes, it

presents evidence from another country widely considered to be corrupt: Russia.

This research finally relates to work on how institutions affect political selection (e.g., Braendle, 2016). The approach taken here builds off the citizen–candidate models developed by Besley and Coate (1997) and Osborne and Slivinski (1996), which treat the decision to run for elected office as endogenous and employ cost–benefit analysis to study selection. I show that by inducing turnover among incumbents and deterring possible tax evaders, ethics rules generate important consequences for the type of descriptive representation that citizens receive. Disclosures can be a powerful tool alongside incompatibility rules that reduce conflicts of interest and increase accountability (Braendle and Stutzer, 2010, 2016).

Anticorruption Reforms and Enforcement

The general view of anticorruption reforms is tinged with skepticism. For all the hype leaders attach to their efforts to combat graft, evidence of effectiveness is still lacking. First, reforms can be exploited to achieve other political goals, such as targeting challengers, rather than actually removing the truly corrupt officials. For example, in China, many claim the campaign launched by the Communist Party in 2012 is intended mainly to expunge opponents of President Xi Jinping (Zhu and Zhang, 2017). The arrests of dozens of Saudi officials on suspicions of corruption in late 2017 raised similar concerns.³ Even though some officials are sent to jail, the culture of corruption does not fundamentally change.

In other countries, a gap emerges between the aspirational rhetoric of anticorruption reforms and the political commitment required to actually punish officials. In Russia, numerous elites have been caught red-handed, but more often than not, they go under temporary house arrest, a weak slap on the wrist before they find their way back to sinecures. Over two-thirds of Russians believed anticorruption reforms were only being implemented to distract the population from real problems in the economy and the government’s inability to carry out its political promises.⁴ Nearly the same number (65%) thought the same reforms were designed to shield President Putin

from the corrupt regime being constructed around him.⁵ Expectations are very low that reforms are anything more than elaborate public relations maneuvers.

This makes sense considering that meaningful anticorruption reforms can carry large pitfalls for leaders. Recruiting elites into parties and the bureaucracy requires co-optation and often turning a blind eye to illicit rent-seeking. Removing illegal sources of income for key players can shake their loyalty to the regime and induce defections (Reuter and Szakonyi, 2019). Moreover, facilitating while also closely monitoring corruption allows rulers to acquire material for use as blackmail. Corruption can act as a glue for keeping a political machine together. Finally, research on China suggests that investigating corrupt officials can backfire if citizens learn just how much corruption there is and then become disenchanted with the regime (Wang and Dickson, 2019).

But there are also reasons for leaders to enforce anticorruption laws. First, governments enjoy the most success when they pilot reforms before implementing them more broadly and can take extra care to design laws that will not upend the system. Below I discuss the Russia government’s approach of carefully refining and updating its anticorruption laws, ably responding to the backlash that resulted. Whereas big bang assaults may attract both headlines and suspicions, slow-moving, recalibrated policies allow regimes to combat corruption without losing power.

Next, there is large, unmet citizen demand for tackling corruption head-on. People worldwide view corruption as the most important problem they face in their daily life.⁶ Yet, over half of nearly 60,000 respondents living in 42 countries in Europe and Central Asia give their government bad marks on fighting corruption.⁷ Failing to combat corruption can spark protests, hold back economic growth, deter foreign and domestic investment, exacerbate poverty, and lead to greater inequality. Governments have clear political and economic incentives to act, as their survival may partly depend on checking, or at least concealing, runaway corruption.

How then would we know that an anticorruption reform is being effectively implemented? Establishing whether officials are punished for actual corruption or for other reasons can be next to impossible. Instead we should see laws changing the expectations that elected

³Kulish, Nicholas, and David Kirkpatrick. “In Saudi Arabia, Where Family and State Are One, Arrests May Be Selective,” *New York Times*, November 7, 2017

⁴Levada Courier Survey. November 23–26, 2012.

⁵Levada Courier Survey. February 15–18, 2013.

⁶Gallup. “Corruption Tops the List as the World’s Most Important Problem According to WIN/Gallup International’s Annual Poll,” February 28, 2014

⁷Transparency International. “Global Corruption Barometer” 2016.

office can be used for private gain. A good place to start is looking at how reforms affect the types of individuals that want to work in government. If anticorruption reforms go beyond political vendettas or public relations campaigns, an effective law should impact not only individuals already serving in elected office, but also those wishing to join them.

How Transparency Affects Political Selection

A key weapon in the fight against corruption worldwide is transparency. Increasing the availability of information helps journalists, activists, and law enforcement agencies monitor and sanction culpable officials. For example, disseminating the results of municipal audits can lead to corrupt incumbents being voted out of office (Ferraz and Finan, 2008). Cross-nationally, public disclosure laws are associated with lower perceptions of corruption (Djankov et al., 2010), yet little work has examined how this relationship works at the microlevel (an exception is Fisman, Schulz, and Vig, 2019).

The official justification behind disclosure laws is that they deter the abuse of public office for private gain. Similar to a tax audit, disclosures create a new public record of the income and assets of politicians. In places where information on politicians' wealth is already common knowledge (such as Nordic countries with open tax registries), we might not expect disclosures to be impactful. But in places where politicians have enjoyed secrecy, requiring disclosures opens up opportunities for the public to scrutinize corrupt or criminal behavior. The scandals that result can jeopardize election campaigns, trigger resignations, or even lead to criminal prosecutions (Habershon and Trapnell, 2012). Disclosure laws help close the door to future self-enrichment by lowering the corruption-related expected utility of holding political office. Some individuals may find continuing to serve in government less attractive if opportunities for embezzlement are undercut by increased transparency.

Which types of individuals will be most affected by disclosure requirements?⁸ First, we should expect some incumbents to rethink staying in government. Having entered office under a more opaque ethics regime, incumbents more freely used their positions for self-enrichment without concern for monitoring. For these

⁸I focus on elections, where the pool of interested individuals is more clearly defined. The theoretical framework outlined should extend to appointed positions.

officials already in office, publicly requiring disclosures for the first time abruptly shines light on any wealth accumulated through bribery or embezzlement. Incumbents either fear that their past malfeasance will be exposed through their disclosure form or calculate that given the increasing scrutiny of elected officials, their personal financial goals are better served by leaving government.

Hypothesis 1. *Incumbents will be less likely to seek re-election when financial disclosures become mandatory.*

Next, introducing disclosure laws should differentially affect office-seekers with something to hide in their private lives, even if they have never served in government previously. Upon taking office, individuals who are new to politics must now disclose income and assets. This increases media scrutiny and potential investigation not over corruption, but instead conflicts of interest or crimes committed as private citizens. For example, several countries have pushed for stronger disclosure laws given concerns over candidates evading taxes or hiding assets in offshore jurisdictions.⁹ Evidence of tax evasion can tarnish a politician's image, and depending on the severity, lead to criminal prosecutions. Entering government, and disclosing one's assets, is just not worth the risk.

Hypothesis 2. *Individuals with suspicious financial histories will be less likely to run for office.*

One such crime is tax evasion, a significant problem that occurs alongside corruption. The United States loses nearly \$500 billion a year in tax avoidance, whereas in Russia, an estimated 2.5% of GDP disappeared due to evasion in 2012.¹⁰ In Russia, 62% of employers believed that at least some percentage of firms working in their sector did not fully disclose to the government all the salaries they paid to workers. The likelihood of some candidates to office having skeletons in their closet is very real. Importantly, although many types of professions in Russia offer opportunities for unreported income, some leave longer and more exposed paper trails.

Politicians may underreport or mischaracterize their assets in official documents, hoping no one will pay close attention. To function properly, disclosure laws require other actors in society to scrutinize the forms and verifying whether public officials are telling the truth. In

⁹Coronel, Sheila. "Time for Public Officials to Disclose Their Tax Payments?" *International Consortium of Investigative Journalists*, January 7, 2013

¹⁰Matthews, Chris. "Here's How Much Tax Cheats Cost the U.S. Government a Year," *Fortune*, April 29, 2016. Amos, Howard. "Russia Loses £52bn a Year in Tax Evasion and Illegal Transfers," *Guardian*, February 21, 2013.

many countries, journalists lead the way in uncovering corruption scandals, fueled by the information revealed in disclosures. For example, leaders in Puerto Rico, Argentina, South Africa, and United Kingdom were forced to resign after they could not explain publicly reported discrepancies between real assets and filed disclosures (Djankov et al., 2010). Greater press freedom increases the probability that the information contained in disclosures will be exploited by the media, and in turn heightens the legal risks felt by corrupt politicians.

Hypothesis 3. Where independent media is stronger, disclosure laws will generate greater turnover among incumbents and deter candidates with more suspicious financial histories.

Greater law enforcement capacity also increases the likelihood that suspicious disclosures will lead to criminal cases. Identifying false reporting, illicit self-enrichment, or tax evasion requires cross-checking and validation. Disclosure laws standardize financial information on thousands of officials, drastically reducing the search costs of identifying bad behavior. Law enforcement agencies receive a ready-made stockpile of information, updated annually, on the financial activities of politicians. These data are considerably easier to wade through than investigating backroom bribes and kickbacks. Authorities with more resources can merge in nonpublic databases (such as income, company, property, and transportation registries) and compare what is reported in the disclosures with the actual wealth of officials. Discrepancies trigger official investigations and criminal proceedings. By setting forth clear legal statutes and punishments, these laws simplify the work of building anticorruption cases. Anchoring anticorruption reforms in the criminal code improves the incentives for law enforcement to prioritize corruption cases and be rewarded for their actions (Habershon and Trapnell, 2012). Officials must file signed written statements testifying to the accuracy of their disclosures. When violations are identified, these statements can more easily be used against them by prosecutors.

Hypothesis 4. Where law enforcement capacity is greater, disclosure laws will generate greater turnover among incumbents and deter candidates with suspicious financial histories.

The important role played by law enforcement in combatting corruption has been shown in a variety of settings. In the United States, greater prosecutorial resources leads to more corruption convictions (Alt and Lassen, 2012). In Russia, increasing the number of inspectors assigned to monitor firms resulted in less

income diversion through fly-by-night firms (Mironov, 2013). Mandatory financial disclosures broadcast incredible information about candidates' financial pasts and attract attention from authorities. The next section discusses how Russian law enforcement authorities have been incentivized to pursue anticorruption cases based on this information.

Income and Asset Disclosure Laws in Russia

Although Russia politicians have long paid lip-service to fighting corruption, little progress has been made. As part a new strategy to demonstrate that the government was not ignoring the issue (and thus risking popular anger), President Medvedev signed a series of anticorruption laws in 2008. The most meaningful clause required government officials (including the President, the Prime Minister, members of federal and regional parliaments, directors of state-owned enterprises, and city mayors) to begin annually disclosing assets held by themselves, their spouses, and their children.¹¹ Officials must file an eight-page form asking for information on income, expenditures, bank accounts, stocks, real estate, and transportation assets. Government bodies then post basic data online about officials' income, real estate, and transport.¹²

To verify the disclosures, each government agency (municipality, etc.) has created a full-time, control commission. These commissions coordinate work between law enforcement and tax agencies, analyze the income and asset fields, and subpoena records from officials suspected of corruption. In 2011, the head of the Saint Petersburg Anti-Corruption Commission described the process as such: "We check the accuracy of officials' disclosures through registration organs: cars - through the GIBDD (*Note: the Russian equivalent of the DMV*), property - through the Federal Service for State Registration, Cadastre and Cartography; company ownership and board membership - through the Federal Tax Ser-

¹¹Since 2002, electoral candidates have been required to declare their income and assets. But the affidavits are not publicly available and reviewed only by part-time electoral commissions, which lack the knowledge, resources, or authority to verify the data. The process is not an anticorruption measure and no punishments are handed out.

¹²Appendix Section B (p. 5) shows the online version of the disclosure. The rest of the information (with account numbers and property addresses) is kept confidential by control commissions.

vice.”¹³ By 2014, an electronic warehouse was being set up to store the data from the various registries and automate the validation. Law enforcement had launched a comprehensive process to collect and verify financial data on politicians at all levels.

Unsurprisingly, the new disclosure requirements were opposed by many politicians, who exploited loopholes in the law to avoid having to file. For example, regional governments passed their own laws to limit the types of deputies that had to submit. Because the State Duma failed to enact penalties for noncompliance, the implementation of the disclosure law was uneven. In 2013, Transparency International calculated that 746 regional deputies (out of roughly 2,000) failed to submit their forms and only 31 out of 83 regional parliaments were in full compliance.¹⁴ The loudest scandal came from Chelyabinsk, where 14 out of 58 deputies, including the United Russia–aligned vice speaker, refused to submit their forms.¹⁵ The local prosecutor got involved, sending a complaint to the Presidential Administration, the leadership of United Russia, the governor, and many journalists who ran with the story.

This flagrant disobedience by regional deputies forced the hand of the Russian State Duma. In November 2015, an amendment passed by which any politicians who failed to submit their disclosure would be removed from office. Officials wasted no time in bringing such cases against local and regional politicians.¹⁶ Nearly 80 local deputies were removed in Primorye alone for not submitting their forms the first year.¹⁷ Libman, Schultz, and Graeber (2016) document cases of tax authorities using income disclosures to investigate governors and vice governors in Pskov, Primorye, Leningrad, and Tula. Online Appendix Table Appendix Section B1 (p. 6) gives many examples of enforcement at the local level in 2016 immediately following the amendment. Russian authorities could have used other measures, such as arbitrary

¹³Astafyeva, Nina. “Kak Prokuratura Proveryaet Dohody Gosudarstvennykh Sluzhashih,” *Online812*, February 8, 2011

¹⁴TI. “Otchet o Monitoringe Dostupnosti Svedeniy o Dohodah i Imushchestve Deputatov Predstavitel’nykh Organov Vlasti Subyektov Rossiiskoi Federacii za 2013 god.” Moscow, 2015.

¹⁵Ulyanova, Zhanna and Svetlana Bosharova. “Ne Zhelajushhie Deklarirovat’ Imushchestvo Deputaty Nashli Lazeyku v Zakone.” *RBK*. May 7, 2015.

¹⁶Higher level politicians, such as directors of state corporations, regional ministers, and one member of the State Duma, have also been investigated. But valid concerns remain that disclosures of the most powerful national politicians are not as actively policed as those at lower levels.

¹⁷Prime Media. “76 Deputatov v Primor’e Lishilis’ Mandatov Iz-za Deklaraciy,” May 1, 2017.

detentions, to target corrupt local officials. Why would the control commissions, tax officials, and prosecutors all rely instead on financial disclosures to build cases?

The widespread system for bureaucratic assessment in Russia creates statistical incentives for law enforcement to pursue corruption cases at lower levels (Taylor, 2014). Promotions often depend on the number of cases brought, with special attention paid to year-on-year increases. The Prosecutor General regularly touts figures of corruption prosecutions as evidence of his agency’s effectiveness across the country. Local authorities can claim they are upholding the rule of federal law and earn good will from their superiors; disclosures do a large part of their investigative work for them. Corruption cases also generate revenue; since 2014, the state has seized 2.4 billion rubles (\$60 million) of assets from officials after discrepancies or unexplained wealth in disclosure forms were uncovered.¹⁸

Extending the Law to the Municipal Level

I analyze the effect of disclosure law by looking at municipal councils. Russia is divided into roughly 22,000 municipalities, the lowest administrative unit in its federal system. Each municipality is governed jointly by a mayor (glava) and a council of deputies, ranging in size from 7 to over 40 (depending on population) and elected every 4 to 6 years (depending on regional law). The chairperson and sometimes deputy chairperson serve full-time and receive a salary, whereas the remaining deputies serve on a part-time, unpaid basis.

Running for municipal council is voluntary and interest is high, even for the unpaid positions. Municipal governments provide and pay for a range of public services, including primary and secondary education, public transportation, electricity, water, road construction, and health care. Deputies also oversee municipal enterprises, approve construction permits, and set a small number of locally collected taxes. Examples abound of these councils exercising their power. Municipal deputies in Asbest were able to block the construction of an antimony plant on environmental grounds by constantly changing construction rules; the plant was backed by a powerful group of investors, including Putin crony Igor Rotenberg.¹⁹ Elsewhere the Baryshevsk village council sold 2.2 million hectares

¹⁸General Prosecutor’s Office of the Russian Federation “Kontrol’ Za Sootvetstviem Rashodov Gosudarstvennykh i Municipal’nykh Sluzhashih Dohodam.” Report. 2019.

¹⁹Komarov, Dmitriy. “Nsk Okonchatel’no Otkazalas’ Ot Sur’myanogo Zavoda Pod Asbestom,” *Znak*, October 12, 2018.

of land to local companies, fighting off challenges in arbitration courts from higher authorities.²⁰

All deputies also can issue requests that obligate bureaucrats to respond to any issues they deem important. For example, businesspeople have used requests to help their firms win procurement contracts and hammer their rivals with inspections.²¹ Municipal councils also offer opportunities for activists looking to shape local politics, especially on education, culture, and the environment. In Degyatarsk, municipal deputies buried a local factory with environmental checks, demanding it reduce carbon oxide emissions; ultimately, the activist group was able to get the plant shut down, over the objections of the Sverdlovsk governor and the presidential administration.²²

Before 2015, only full-time municipal deputies fell under the disclosure law. Part-time deputies were exempt because they did not earn a salary. But overnight, the 2015 amendment suddenly required hundreds of thousands of part-time deputies to declare their assets, with the noncompliant subject to removal from office. Leaders of the ruling party in the Duma were fully aware of the consequences. During the debate, vice speaker Sergey Neverov acknowledged that roughly 165,000 United Russia deputies would be affected by the change, but also commented “if an individual wants to go into office, then he should be prepared to follow all norms of the anticorruption legislation.”²³ United Russia seemed intent on cleaning its house of politicians hurting the party’s image and was prepared to risk some electoral losses.

The peculiarities of the Russian electoral system provide a unique setting to examine how candidates responded to the disclosure rules. Russian regions operate according to their own fixed individual electoral calendars dating back to the early post-Soviet period when subnational units set elections on an ad hoc basis. Municipal councils generally follow regional calendars, with approximately 20% of all municipalities holding elections on a unified election day each fall. Holding at least some municipal elections in

most regions every year enables the evaluation of a national legislative change.

Research Design and Data

To test the effects of the disclosures law, I exploit these staggered municipal elections around the 2015 amendment that required part-time municipal deputies to file disclosures for the first time. Identification comes from the exogenous timing of the amendment, which was passed to combat noncompliance among regional—not municipal—deputies, particularly after the embarrassing scandal in Chelyabinsk. The design compares electoral outcomes in municipalities which held elections just prior to the 2015 amendment with those that held just afterwards. I collected data on the universe of 791,353 candidates running for office in plurality districts across 42,108 unique elections over the period 2009–17; data come from the Russian Central Election Commission (CEC).²⁴

Measuring Turnover Among Incumbents

In Russia, the 2015 amendment introduced disclosures (and sanctions) for part-time incumbents for the first time, whereas full-time incumbents had been required to submit their documents for over 5 years. This expansion motivates a simple empirical comparison conditional on the incumbent status of candidates. Part-time incumbents should run for reelection at lower rates after the 2015 amendment, because future winners of this type would be required to disclose their wealth for the first time. The 2015 amendment did not increase, but rather more strictly enforced, existing disclosure requirements for full-time incumbents. This change should produce some increased turnover among full-time incumbents, but less than for part-time incumbents who now face both disclosure and enforcement.

I create a binary indicator for part-time incumbency based on a field that candidates fill out about whether they had been serving part-time on a municipal council. To identify full-time incumbents, I coded whether their primary occupation (as indicated on the same registration form) was as a council deputy or chairperson

²⁰SibKrai.ru “Peredel Zemli: Kak Sel’sovet Prodal Sotni Gektarov,” September 17, 2017

²¹Work has shown that businesspeople in Russia voluntarily seek out elected office to push for their firms’ interests (with large financial returns available), rather than because they are compelled to by party activists (Gehlbach, Sonin, and Zhuravskaya, 2010; Szakonyi, 2020).

²²Arkipova, Elena. “Deputaty Degtyarska Atakovali Zavod,” *Pravda*, June 29, 2017.

²³Vesti. “Za Otkaz Deklarirovat’ Dohody Deputatov Lishat Mandatov,” October 21, 2015.

²⁴The sample includes all plurality races, that is, those in multi-member (65%) or single-member districts (31%). I exclude elections using party lists (4%), because the number of candidates is not related to the seats contested. Results are robust to subsetting on the different institutional set-ups.

or if they had won office in the previous election to that council (but did not indicate they were serving part-time). Incumbency rates among both part-time and full-times are quite low. Roughly 20–30% of seats in each category are defended. With unpaid part-time positions this is to be partly expected, but the low incumbency rate may be due to missingness in registration forms and no other data are available for cross-validation. In Online Appendix Section Appendix Section D4 (p. 22), I show the main coefficients of interest are both large and robust when the sample is subset to municipalities where at least one incumbent ran.

Measuring Suspicious Financial Histories

Uncovering suspicious financial incidents in a candidate's biography will necessarily be indirect. Russian law restricts access to court records on privacy grounds and only in 2016 were candidates required to self-report any criminal history. Instead, I use information on candidates' work history to identify individuals with a higher likelihood of getting caught for having committed financial crimes such as tax evasion. Not all candidates are easily investigated and prosecuted. For example, teachers are paid by the state, with records going directly to tax agencies. Although some earn unreported income from bribes or tutoring students, the small scale and informality of these activities make it difficult for investigators to uncover tax evasion. Other types of bureaucrats may accept bribes, but can use their connections to protect their illicit activities from investigations.

Alternatively, small business owners not only conceal revenue through the use of cash transactions, but they are more vulnerable to tax investigations and prosecutions. Research on Russia has shown that small and medium-sized enterprises engage in what is known as "black cash evasion" (Vasileva, 2018; Yakovlev, 2001). Using administrative data, Braguinsky, Mityakov, and Liscovich (2014) find that the smallest firms in Russia report employee earnings at rates 50% less than those of the largest companies. But tax authorities can more easily track supply orders, rental leases, equipment contracts, employment agreements, and the host of other paperwork that small business owners must use to organize their activities. This evidence trail opens up more opportunities for investigators to uncover illegal tax maneuvers and press charges. Therefore, if disclosure laws are functioning as a type of audit, the effects should be strongest among small businesses and entrepreneurs.

Using self-reported occupation, I code candidates that worked as individual entrepreneurs, meaning they

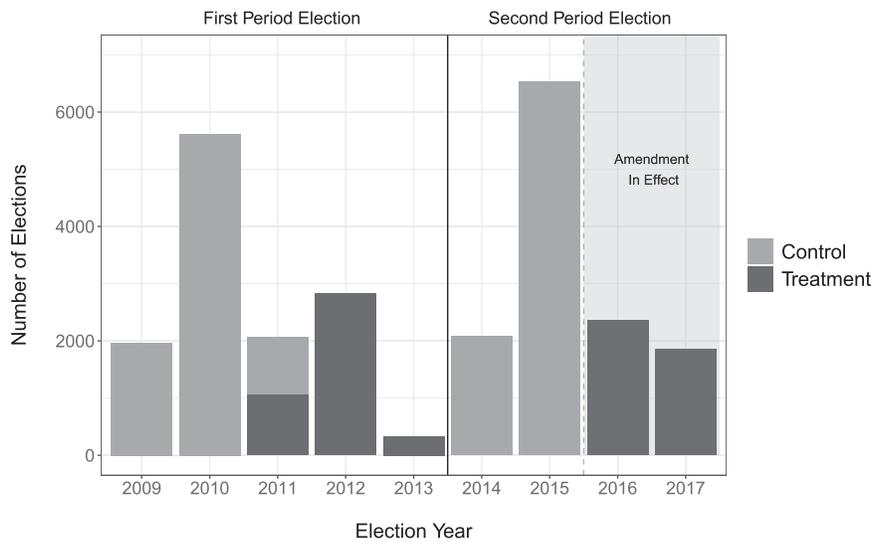
own and operate small, cash-based firms. To demonstrate that the effect is specific to this group, I create a second category of those candidates that had worked as a director or deputy director of a registered firm. These directors are larger, wealthier fish in the small ponds of municipal council elections. They would already be on the radar of tax authorities and have a better ability to hide their assets from the control commissions. Disclosures produce fewer legal risks for this latter group.

Building the Sample

My design relies on a before/after comparison between municipalities that held elections around the amendment's passage. The fixed electoral calendar in Russia assigns municipal elections to the *control* group (prior to the amendment's passage) and the *treatment* group (after the amendment's passage); elections were not rescheduled based on the amendment. To more closely control for other broader changes to the institutional and/or economic environment in Russia, I restrict the sample to only municipalities that held elections within 2 years of the amendment's passage: in 2014–15 (before/control) or in 2016–17 (after/treatment). I choose 2 years to increase statistical power and include municipality fixed effects; the results are robust to using only one year of elections on each side of the amendment.

Municipalities holding elections immediately before the 2015 amendment may differ from those holding elections after. To account for this possibility, I collected data on the previous cycle of elections held in each municipality. These past elections occurred either 4 or 5 years prior, in 2009–13. For simplicity, I refer to the 2009–13 electoral cycle as the *first period*, and the 2014–17 cycle as the *second period*. Each municipality has two observations (consecutive elections), one occurring in each period. Municipalities are then grouped into treatment and control groups based on whether their *second* election occurred either right before or after the 2015 treatment.

Figure 1 illustrates the set-up. The dark columns show municipalities in the treatment group. Columns to the right of the dotted line (2016 and 2017) indicate elections held in the second period after the 2015 amendment. For these treated municipalities, the elections to the previous convocation occurred 4–5 years prior, during the first period. The light columns show municipalities in the control group. The columns to the right of the solid line indicate elections held during the second period (right before the amendment came into effect), whereas elections held from 2009 to 11 are

FIGURE 1 Treatment versus Control Elections over Time

for the previous convocation. The design holds that differences within the control group from 2009 to 2014 are comparable to differences in the treatment group from 2011 to 2016.

I aggregate candidate information and use municipal elections as the unit of analysis for several reasons. First, electoral districts change over time and neither maps nor demographic and budget data are available at this level. Aggregating ensures consistency across periods and allows for including control variables. Finally, candidates do not submit information on the level of responsibility they seek upon registration, but only in retrospect if they choose to defend their seats. The lack of election data prior to 2009 prevents the use of a two-period analytical set-up at the candidate level. The best way to analyze candidate entry is then to look at the numbers aggregated to the election level. To ensure a clean comparison within municipalities, I require that the number of total seats contested be identical in each election held in the two periods.

The sample includes 25,642 elections held in 12,821 municipalities in which 443,823 candidates participated. Online Appendix Section Appendix Section A (p. 1) has a detailed explanation of how the sample was built, as well as summary statistics. The outcome measure for examining incumbent turnover divides the number of incumbent candidates (part-time and full-time, respectively) by the number of council seats. To investigate candidates with suspicious financial histories, I divide the number of individual entrepreneurs, big businesspeople, and all businesspeople (the two summed) by the total number of candidates.

Identification Strategy

I adopt model specifications based on a difference-in-differences design, estimating the following equation:

$$Y_{mrt} = \alpha + \beta * Treatment_m + \gamma * Second\ Period\ Election_t + \eta * Treatment_m * Second\ Period\ Election_t + \zeta_{mt} * X + \theta_u + \lambda_r + \epsilon_{mrt}, \quad (1)$$

where Y is a vector of the main outcomes in municipality m , region r , and time t . $Treatment$ indexes municipalities that had an election following the 2015 amendment, $Second\ Election$ is a dummy for whether the election is within the 2-year window around the amendment, and the interaction between the two generates the coefficients of interest. Models include municipality “unit type” fixed effects (θ_u): (in decreasing order of population size) municipal rayons, city okrugs, urban settlements, and rural settlements. I also include region fixed effects (λ_r) and municipality covariates (X): the number of voters (proxying for population), municipal revenue (logged, proxying for economic development), and territory size (in hectares, logged). Because coverage on revenue and territory is incomplete, I take the average over 2010–15. The most stringent specification drops the region fixed effects in favor of municipality fixed effects, μ_m . These absorb all time-invariant characteristics within each municipality. All models use ordinary least squares (OLS).

Identification requires that in the absence of the 2015 amendment, the treated elections would experience the same changes in political selection as the control group. Because there are only two observations

(elections) per municipality, true parallel trends cannot be constructed. Instead, I estimate residuals from models that regress each of the outcomes on covariates (number of seats contested, territory size, and municipal revenue) as well as election year, region, and municipal unit fixed effects. Importantly there are no statistically significant differences between the residuals of the treatment and control groups prior to 2015 amendment (Online Appendix Figure Appendix Section C1, p. 9).

Two other factors could undermine the design. First, candidates might have anticipated the November 2015 amendment and dropped out before the September 2015 elections. Such precise anticipation is unlikely. The original text of the amendment (Federal Law No. 795087-6) introduced in May 2015 only strengthened the punishment for regional deputies' failure to disclose, making no mention of municipal officials. Only on October 19, 2015, did the clause pertaining to part-time deputies enter into the law's second reading. A review of media coverage of the amendment uncovers no reference to the inclusion of municipal officials into the amendment's text until that second reading occurred. Municipal candidates had to submit their registrations by August 1, 2015, a full 3 months before the amendment was updated. But even in the unlikely event that some municipal deputies got wind of the future changes, their dropping out would make treatment effects more difficult to detect, because the increase in incumbent turnover would have begun in the 2015 election cycle (as part of the control group).

Second, the design cannot account for time-specific unobserved shocks.²⁵ For a time-related event between the 2015 and 2016 elections to undermine the analysis, it would have to affect only part-time, and not full-time, deputies, and only individual entrepreneurs, and not other professions. As a partial remedy, I include linear time trends to account for any nationwide patterns and multiway cluster errors on region and election year to account for unexplained variation over time as well as the fact that when municipalities hold elections (and thus their inclusion in the treatment or control group) is determined by their region.

Empirical Results

Table 1 presents the results on incumbent turnover. The coefficient of interest is the interaction between *Treatment* and *Second Period Election*. First, the disclosure

²⁵Russia did experience an economic downturn and uptick in nationalist rhetoric after the annexation of Crimea in February 2014. But these events occurred before both years of the control group (elections are held in September).

requirements drove down the percentage of part-time incumbents that ran for reelection by roughly 5–6 percentage points, which corresponds to a roughly 25% drop from the benchmark incumbent rerunning rate. We see negative and statistically significant coefficients (at the 0.01 level) from models that include region fixed effects and controls (columns 1 and 2) and municipality fixed effects (column 3).

Interestingly, we do not see evidence that full-time incumbents were similarly affected by the 2015 amendment (columns 4–6). The coefficients on the interaction term are slightly negative, but fall short of statistical significance. This lends support to the first hypothesis that financial disclosure requirements had a clear and identifiable effect on the population of candidates the amendment was designed to target. Full-time incumbents had already been required to disclose their assets; the amendment only changed the sanctions for non-compliance. However, for part-time incumbents, the 2015 amendment introduced both disclosures for the first time and strong enforcement, significantly changing incentives to defend their seats.

Incumbents dropping out create open seats. Columns 7–9 show that elections held after the 2015 amendment attracted slightly more candidates (the outcome is the ratio of the number of candidates to the total number of council seats); the effects are substantively large but not consistently statistically significant. Because they generate turnover, disclosure laws may not substantially increase the barriers to running. Note, that even during the second period, incumbents still won 80% of the races they contested, with that figure increasing by 5% in the posttreatment period (Online Appendix Table Appendix Section E1, p. 25). This finding suggests there was not a secular trend working against incumbents. The 2015 amendment could have signaled to voters that those incumbents that chose to remain in office under the new ethics regime had less shady behavior to hide in their disclosures.

However, analysis using individual-level data (Online Appendix Table Appendix Section D1, p. 12) shows that incumbents were much less likely to seek reelection after the 2015 amendment passed.²⁶ Importantly, disclosure requirements equally affected politicians from all parties. The ruling party United Russia held over 70% of municipal seats; the rest were mostly filled by independents. If the anticorruption reform was being used

²⁶The candidate-level data cannot identify which incumbents were serving full-time versus part-time, only if they had won election prior with either status. Candidates do not declare such intentions; we only learn how they served if they choose to run later for reelection.

TABLE 1 Disclosure Laws and Incumbent Turnover

	Part-time incumbents (%)			Full-time incumbents (%)			Candidates per seat		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment group × Second period election	−0.057 (0.015)	−0.060 (0.015)	−0.057 (0.016)	−0.019 (0.016)	−0.004 (0.018)	−0.018 (0.016)	0.038 (0.033)	0.074 (0.031)	0.038 (0.031)
Treatment group	0.034 (0.019)	0.023 (0.020)		−0.034 (0.022)	−0.042 (0.032)		0.037 (0.066)	−0.039 (0.084)	
Second period election	−0.001 (0.038)	−0.006 (0.046)	−0.006 (0.096)	0.022 (0.047)	0.004 (0.054)	0.010 (0.091)	0.078 (0.131)	0.006 (0.151)	0.066 (0.190)
No. seats (log)	−0.010 (0.011)	0.026 (0.017)		−0.008 (0.008)	−0.014 (0.003)		0.246 (0.031)	−0.323 (0.053)	
Mun. Population (log)		−0.019 (0.006)			0.000 (0.002)			0.188 (0.021)	
Mun. Territory (log)		0.003 (0.021)			0.004 (0.008)			−0.086 (0.036)	
Mun. Revenue (log)		0.009 (0.004)			0.001 (0.003)			0.028 (0.009)	
Unit type, region fixed effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Municipality fixed effects	No	No	Yes	No	No	Yes	No	No	Yes
Linear time trend	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,642	23,449	25,642	25,642	23,449	25,642	25,642	23,449	25,642
R ²	0.225	0.194	0.704	0.183	0.170	0.610	0.417	0.464	0.795

Note: Columns 1–3 analyze part-time incumbents running for reelection, Columns 4–6 analyze full-time incumbents running for reelection, and columns 7–9 analyze the total number of candidates running for office. All models use OLS and cluster standard errors on region and election year.

selectively to go after rivals, whether an incumbent ran for reelection could depend on their party membership. Online Appendix Table Appendix Section D2 (p. 13) subsets the sample to only ruling party incumbents and finds that the disclosure laws had nearly an *identical* negative effect on these deputies. Rather than just targeting challengers, United Russia was prepared to see many of its deputies leave office in order to improve its public image.

Next in Table 2, we see that the disclosure rules reduced the number of candidacies by all businesspeople (columns 1–3); the point estimates are significant at the 0.05 level. With a baseline proportion of roughly 9%, the reform produced a sizable 11% drop among candidates from the wider business community. Interestingly, when the sample is subset to only directors of large firms (columns 4–6), the estimates are not statistically different from zero. Instead, the models in columns 7–9 indicate that after the 2015 amendment was passed, the number of individual entrepreneurs running for office fell by just under 1 percentage point; these results are significant at the 0.01 level. Considering roughly 5% of all candidates come from this category, that translates

into a 20% decrease in the rate of small businesspeople running for office.

These findings square with qualitative evidence of prosecutors going after municipal deputies for tax evasion following the 2015 amendment. In July 2017, a deputy from the ruling party United Russia in Tobolsk in Tyumen Oblast was arrested on suspicions of avoiding 3 million rubles (\$50,000) in taxes from trading kiosks he owned.²⁷ That same month an audit of a local deputy and developer in Nizhegorod uncovered an underpayment of taxes of roughly 1 million rubles (\$16,000).²⁸ Fear of scrutiny from law enforcement officials drives away many qualified candidates from working in government, who claim that the tax man will jump on their case immediately upon taking office.

Next, the disclosure law resulted in younger candidates running for office, possibly lured by the open

²⁷RIA. “Deputat Otdelalsya 4 Millionami, Zastroyshhik Pod Sledstviem,” July 21, 2017.

²⁸Vidonova, Irina. “Deputata Podozrevayut v Krupnom Moshenichestve v Nizhegorodskoy Oblasti,” *NN.ru*, July 25, 2017.

TABLE 2 Disclosure Laws and Financial History

	All businesspeople (%)			Firm directors (%)			Individual entrepreneurs (%)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment group × Second period election	−0.012 (0.004)	−0.010 (0.005)	−0.011 (0.004)	−0.004 (0.003)	−0.004 (0.003)	−0.003 (0.003)	−0.008 (0.002)	−0.007 (0.002)	−0.007 (0.002)
Treatment group	0.013 (0.007)	0.007 (0.009)		0.007 (0.006)	0.005 (0.006)		0.007 (0.003)	0.002 (0.005)	
Second period election	0.009 (0.014)	0.004 (0.015)	−0.008 (0.026)	0.008 (0.013)	0.007 (0.014)	−0.001 (0.017)	0.001 (0.006)	−0.003 (0.008)	−0.007 (0.010)
No. Seats (log)	0.076 (0.006)	−0.028 (0.006)		0.048 (0.004)	−0.021 (0.005)		0.028 (0.003)	−0.007 (0.004)	
Mun. Population (log)		0.035 (0.003)			0.021 (0.002)			0.014 (0.002)	
Mun. Territory (log)		−0.026 (0.007)			−0.025 (0.005)			−0.002 (0.005)	
Mun. Revenue (log)		0.006 (0.002)			0.007 (0.001)			−0.001 (0.001)	
Unit type, region fixed effects	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Municipality fixed effects	No	No	Yes	No	No	Yes	No	No	Yes
Linear time trend	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,642	23,449	25,642	25,642	23,449	25,642	25,642	23,449	25,642
R ²	0.294	0.324	0.790	0.364	0.394	0.826	0.071	0.077	0.678

Note: Columns 1–3 analyze all businessperson candidates, Columns 4–6 analyze candidates who worked previously as firm directors, and columns 7–9 analyze candidates working as individual entrepreneurs. All models use OLS and cluster standard errors on region and election year.

seats created by exiting incumbents (Online Appendix Table Appendix Section E2, p. 26). Reforms may help usher in new generations of politicians with different policy preferences. There is little evidence though that introducing disclosures leads to more female candidates. Finally, Online Appendix Section E2 (p. 26) finds no effect of the disclosure law on candidates from other occupations. Although some teachers and other bureaucrats undoubtedly had hidden income, the disclosures law raises fears that investigators would be able to easily connect the dots on their tax evasion.

Transparency, Media Freedom, and Law Enforcement Capacity

To test for heterogeneity (Hypotheses 3 and 4), I first use a 3-point scale of print and electronic media freedom,

compiled by the Glasnost Defense Foundation (GDF) in 2010 from expert surveys. One-quarter of the regions have “relatively free,” one-half have “relative not free,” and the remaining one-quarter have “unfree” media. This variation is meaningful: more independent media have been shown to correlate with fewer incidents of corruption (Schulze, Sjahrir, and Zakharov, 2016), but also worsened public perceptions of corruption (as the public learns more about the crimes taking place) (Sharafutdinova, 2010). For robustness, I use the 5-point measure of media independence compiled by the Carnegie Moscow Center (“Titkov-Petrov” scores, or TP) for each region in 2010.

I then include two indicators of law enforcement capacity at the regional level from 2014 (prior to the second period election): (1) the total budget for tax officials (collected from the Russian Tax Service and logged) and (2) the total number of law enforcement personnel (collected from the Russian State Statistics

TABLE 3 Press Freedom and Law Enforcement Capacity

	Part-time incumbents (%)			Independent Entrepreneurs (%)				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Second election	-0.002 (0.108)	0.016 (0.106)	-0.156 (0.270)	-0.435 (0.218)	-0.015 (0.007)	-0.016 (0.006)	-0.068 (0.026)	-0.035 (0.024)
Treatment group × Second election	0.171 (0.055)	0.041 (0.061)	0.252 (0.461)	0.495 (0.245)	0.008 (0.006)	0.009 (0.004)	0.104 (0.031)	0.046 (0.024)
Second election × GDF press freedom	0.017 (0.013)				0.001 (0.001)			
Treatment group × Second election × GDF press freedom	-0.081 (0.020)				-0.004 (0.002)			
Second election × TP press freedom		0.007 (0.010)				0.001 (0.001)		
Treatment group × Second election × TP press freedom		-0.039 (0.020)				-0.005 (0.001)		
Second election × Regional tax agency budget			0.015 (0.014)				0.004 (0.002)	
Treatment group × Second election × Regional tax agency budget			-0.023 (0.033)				-0.008 (0.002)	
Second election × Law enforcement personnel				0.052 (0.014)				0.003 (0.002)
Treatment group × Second election × Law enforcement personnel				-0.063 (0.029)				-0.006 (0.003)
Regional covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FE; Linear time trend	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,588	25,642	25,626	25,520	25,588	25,642	25,626	25,520
R ²	0.708	0.707	0.706	0.707	0.679	0.679	0.679	0.679

Note: The outcome in columns 1–4 is the percentage of part-time incumbents who run for reelection; in columns 5–8 it is candidates who self-identified as individual entrepreneurs. All models include every constituent term, regional covariates, and municipality fixed effects. Models estimated using OLS and cluster standard errors at the region and election year levels. The main triple-interaction effects are shown in bold.

Agency and logged). The aim is to capture the manpower and financial resources of the types of authorities responsible for vetting the disclosures.²⁹ All models control for time-varying regional characteristics, including population (log), GDP (log), urbanization, the percent of households with internet access, and the share of GDP from natural resource exploitation. The OLS models include municipality fixed effects and linear time trends, multiway clustering at the region and election year levels.

Table 3 presents regressions from a triple interaction of an election being held in the second period, being “treated” (i.e., the disclosures law was in effect), and each

²⁹Data on the number of tax officials in each region are unavailable, whereas regional budgets only capture a fraction of the total money spent on law enforcement, because most money comes from the federal budget. Online Appendix Section D3 (p. 17) shows checks using the number of tax audits, tax revenues, and the additional money regional legislatures spend on law enforcement.

measure of independent media and law enforcement capacity. Columns 1 and 2 show that, in places with greater media freedom, the share of part-time incumbents running for office after the disclosure law passes falls sharply; the effects (in bold) are statistically significant at the 0.05 level. Greater law enforcement capacity similarly produces larger negative effects on incumbent turnover (columns 3 and 4), though the effects are statistically significant for only one of the measures. Columns 4–8 also demonstrate that individual entrepreneurs are far less likely to run for office in regions where media freedom and law enforcement capacity increase. In all four models, the triple-interaction terms are negative and statistically significant at the 0.05 level.

Triple-interaction terms can sometimes be confusing to interpret. Online Appendix Table D6 (p. 18) shows models using samples subset on terciles based on the values of the GDF time-varying measure. Part-time incumbents and independent entrepreneurs run for office in significantly lower numbers in regions with the highest levels of media freedom. Online Appendix Table D7 (p. 19) performs the same exercise, showing disclosures have a larger negative effect on both incumbents and individual entrepreneurs running for office in regions where tax authority resources are the greatest. These findings are robust to using multilevel models (Online Appendix Table D9, p. 21), alternate measures of media freedom and law enforcement capacity (Online Appendix Table D8), and a variety of fixed effects specifications.

Online Appendix Table B2 (p. 7) provides a number of examples of what the media's coverage of the disclosures looks like, including several investigations that led to law enforcement authorities taking action. In Nizhniy Tagil, a journalist discovered that a municipal deputy declared an annual income of only 5,000 rubles (\$83), but drove a Lexus RX 200T, according to his disclosure.³⁰ The prosecutor's office later cited that investigation when opening up their own look into the disclosures later that year.³¹ In Cheboksary, journalists found four deputies who had declared 100,000 rubles in total annual income (\$1,600); prosecutors later removed several from their positions.³² Journalists in Veliky Novgorod also appealed to prosecutors to investigate a Moshensk politician based

on discrepancies in his income and asset disclosures.³³ Law enforcement may be critical for more complicated tax-related issues, producing stronger deterrent effects on individual entrepreneurs. Anticorruption reforms deter those with something to hide from running in elections, but require sufficient press freedom and enforcement to achieve those effects.

Political Parties as Enforcers

This article has argued for a “demand-side” account of the disclosures' effect: Incumbents and candidates with suspicious histories refrain from running for office because of a fear of scrutiny from journalists and prosecutors. But the evidence presented could be consistent with an alternate “supply-side” account, whereby the ruling party actively polices the disclosures in order to improve its electoral standing. United Russia might prevent more corrupt rank-and-file members exposed in the media from being allowed back on the ticket. Here the disclosures are used not to clamp down on opponents, but to clean house internally and present a cleaner slate of candidates. Authoritarian actors may enact consequential anticorruption reforms to raise the costs for opportunists, and then attract true ideologues who would serve even if material benefits are low (Hollyer and Wantchekon, 2015).

I test for this “supply-side” explanation in several ways. First, United Russia might be more active in purging its members in electorally competitive areas (where its majority is at risk) or where it needs to serve diverse interests (ethnic republics). Next, given the peak in nationalism after the 2014 annexation of Crimea, UR may have wanted to focus its message on such sentiments and reduce the distractions that corruption scandals generate. I test for these heterogeneities in Online Appendix Tables D11 and D12 (p. 24), subsetting the sample on previous UR control of the municipal councils (above or below the median of the sample), if the municipality is located in an ethnic republic, and to just those elections (2014–16) occurring close to peak nationalism after Crimea.

The only difference appears in ethnic republics: The effect of disclosures on part-time incumbents running in municipalities located in ethnic republics is not distinguishable from zero. However, ethnic republics also have significant lower press freedom (roughly a half-point on the 3-point GDF scale) and law enforcement capacity

³⁰Balyuk, Olga. “Samyy Bednyy Deputat Dumy Tagila Zarabotal 5 Tys. Rubley, No Yezdit Na Lexus,” *Znak.ru* April 18, 2019.

³¹Novyi Gorod, “V Prokurature Leninskogo Rayona Nizhnego Tagila Idet Kompleksnaya Proverka,” September 12, 2019.

³²Pravda “Cheboksarskiye Deputaty Zadeklarovali Svoiy Blesk I Nishchetu,” May 27, 2016.

³³Novgorod.ru, “Glavu Moshenskogo Raiona Mogut Otravit' V Otvstavku Iz-Za Narusheniya Zakona O Protivodeistvii Korruptsii,” March 17, 2016.

(roughly one standard deviation fewer tax agency expenditures and law enforcement personnel). Therefore, it is unclear whether the differences are being driven by the party's attempts to manage ethnic diversity rather than the scrutiny applied by investigators. We do not see electoral competition at the municipal level or proximity to peak nationalist sentiments driving the results.

Next, municipal candidates can run under other political parties or as independents. If the ruling party was purging its members (rather than law enforcement cracking down), we should see former UR deputies running for their old seats under different political banners. Online Appendix Table D3 (p. 14) subsets the individual-level analysis to only UR deputies who won in their first period election and ran again in the second period. The outcome is a binary indicator if they stayed with the ruling party. UR deputies were not more likely to change their political affiliation during elections that occurred after the disclosures law passed ("Treatment Group").

Finally, there is very little anecdotal evidence of the ruling party expelling municipal members because of disclosure violations. What we do know about party expulsions comes from regional data in Reuter and Szakonyi (2019) who document 21 expulsions from 1999 to 2016. Only two of the expulsions cited corruption as the reason the UR member was kicked out, and both occurred after the local prosecutor's office had already pressed charges.³⁴ This aligns with the above discussion that policing of the disclosures was done through the control commissions led by tax and law enforcement officials set-up at every level, including monitoring governors and regional deputies. United Russia clearly saw the disclosures as a way to improve the image of its government, but the party itself was simply not in a position to validate the information and enforce the law.

Conclusion

Disclosure laws shape the incentives of both current incumbents and potential candidates to serve in government, and can generate significant turnover in the types of people that seek political office. In Russia, this reform even-handedly purged the government of unscrupulous local elites, rather primarily targeting regime opponents. Russian politicians appear to fear the long arm of the

law, aided by aggressive journalism. Why is electoral accountability not the driving force? First, similar to work on India (Chauchard, Klasnja, and Harish, 2019), voters in Russia often lack detailed information about the disclosures. Public opinion polls also show that only 3% of voters believed that top-level officials honestly declared their full wealth in disclosures, another factor limiting their use in elections.³⁵ But more importantly, the release of the disclosures each spring gives law enforcement a head-start to hold officials accountable. With elections in their municipality held every 4 to 5 years (and always in September), voters only rarely get the opportunity to vote out corrupt politicians. On the other hand, the law enforcement system incentivizes local prosecutors to act quickly and verify the disclosures. Online Appendix Table B1 (p. 6) shows prosecutors already having expelled hundreds of municipal deputies within 4 months of the disclosures first being released in 2016, all before voters even got a chance to punish incumbents through the ballot box.

How far these results travel beyond Russia depends on several factors, and in particular regime type. Fearing successful measures might lead to wider political change, nondemocracies may focus their efforts on lower levels of government where impact is greatest, but fallout can be contained. At the municipal level, citizens have more personal contacts with their politicians. By weeding out highly visible bad actors, nondemocratic regimes can demonstrate they are taking corruption seriously without incurring serious political risks. The scattered departures of local politicians create thorny collective action problems and pose minimal threats to regime stability, especially if public opinion about the government's fight against corruption improves. Larger countries, such as Russia and China, also see more physical distance between municipal and federal officials, which could provide a type of buffer between low-level discontent among voters and the federal center. Whereas democratic governments may encourage the use of disclosures to clean up the entire bureaucracy, we might expect nondemocracies to instead pluck off low-hanging, spoiled fruit, while leaving the roots untouched.

Economic factors also shape whether disclosures impact political selection. The easier it is to commit financial crimes in the private sector, the more likely disclosures will uncover something painful. Citizen-candidate models also hold that an individual's outside options influence his or her decision to run for office. In countries where state employment is the only credible

³⁴ Agranov, Oleg. "Kiyatkinu Pridetsya Samomu Razbirat'sya S Obvineniyami V Sokrytii Ot Gosudarstva 44 Millionov Rubley," *Argumenty i Fakti*, April 4, 2011. Krolevets, Vasilii. "Vidnyy Omskiy Yedoross Vasilii Krolevets Bezhal V Kazakhstan," *Superomsk*, April 24, 2015.

³⁵ *Vedomosti* "V Dostovernost' Deklaratsiy Chinovnikov O Dokhodakh Vryat 3% Rossiyan," May 7, 2019.

avenue for self-enrichment, disclosure laws may not be sufficient to drive corrupt officials out of office. Moreover, many countries allow parliamentarians to moonlight in other careers while serving in office (Geys and Mause, 2013). Politicians may be more inclined to exit after disclosures rules are passed if they can immediately find lucrative post-office careers.

The findings here cannot say whether disclosures have reduced actual levels of corruption in Russia. To do so would require measures of rent-seeking currently unavailable (and perhaps dependent on the disclosures themselves). Instead, requiring candidates to declare their wealth increases the costs of engaging in corruption. The use of political office for self-enrichment now carries criminal risks, because state authorities are better able to monitor and prosecute politicians. Some will inevitably learn how to structure their wealth to prevent their disclosures from triggering scrutiny, such as by transferring assets to more distant relatives or using offshore companies. But these steps impose their own set of financial and agency costs. For corruption to persist in highly transparent governments, it must become more sophisticated, which could disincentivize many officials from seeking rents. Questions of long-term adaptation to anticorruption laws, and the government's ability to plug loopholes, remain especially ripe for future research.

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Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

Appendix A: Sample Construction

Appendix B: Example Declaration and Evidence of Investigations

Appendix C: Assessing Pre-Treatment Covariates

Appendix D: Robustness Checks

Appendix E: Alternate Outcome Variables

Elite Defection under Autocracy: Evidence from Russia

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Elite cohesion is a fundamental pillar of authoritarian stability. High-level defections can signal weakness, embolden the opposition, and sometimes, lead to regime collapse. Using a dataset of 4,291 ruling party candidates in Russia, this paper develops and tests hypotheses about the integrity of elite coalitions under autocracy. Our theory predicts that ruling elites defect when there is greater uncertainty about the regime's willingness to provide spoils. Regimes that share power with the opposition, limit access to spoils, and lack formal institutions see more defections. Co-opting the opposition assuages outside threats but leaves regime insiders disgruntled and prone to defection. Those with personal followings and business connections are the most likely to defect, since they can pursue their political goals independently of the regime. Taken together, our results highlight important tradeoffs among authoritarian survival strategies. Many of the steps autocrats take to repel challenges simultaneously heighten the risk of defections.

INTRODUCTION

In almost all dictatorships the leader is supported by a group of elites. These elites provide essential political services to the dictator, and the breakdown of elite coalitions is one of the main threats to authoritarian rule. But the consequences of elite defection are better understood than the causes. In this paper, we examine the determinants of elite defection in one prominent electoral authoritarian regime, Russia.

Focusing on electoral defections in Russia's regions, we develop a simple cost-benefit framework to explain defections from Russia's ruling party, United Russia (UR). Aligning with the regime offers significant advantages for politicians, including state backing during elections and access to rents. At the same time affiliation can come at considerable cost. Regimes can force politicians to forgo their own political beliefs and constituency demands in order to toe the party line. Politicians also run the risk of being tainted by their association with an autocratic regime should the regime falter and rivals seek retribution.

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The article was prepared within the framework of the HSE University Basic Research Program and funded by the Russian Academic Excellence Project '5-100.' The authors would like to thank the following individuals for helpful feedback: Michael Miller, Anne Meng, Jennifer Gandhi, Adrian Del Rio Rodriguez, Gerrit Krol, Scott Tyson, Richard Doner, Adrian Lucardi, Kimuli Kasara, and Timothy Frye. We also thank three anonymous reviewers and the Journal's editor for their excellent comments. Replication files are available at the American Political Science Review Dataverse: <https://doi.org/10.7910/DVN/B1HHGV>.

Received: December 15, 2017; revised: September 6, 2018; accepted: January 8, 2019. First published online: March 6, 2019.

How the regime manages the distribution of spoils and other political benefits is key to understanding why individual elites defect. First, we argue defections should be more likely when the ability of the regime to help candidates win elections decreases. Candidates are hesitant to affiliate with an unpopular regime that cannot ensure their electoral prospects. Second, accessing rents, spoils, and privileges is one of the main goals for politicians under autocracy. We argue that defections should increase when the regime places limits on access to these benefits. We also argue that defections will increase when the regime diverts spoils from allies and shares them with the opposition. Third, we argue that defections should increase in settings where cadres face greater uncertainty about the future provision of spoils. Such uncertainty may be driven by weak formal institutions that fail to constrain the arbitrary behavior of the autocrat. Finally, we argue that the individual characteristics of elites matter. Those who have already achieved office should be less likely to defect since they have less uncertainty about future career advancement opportunities. In addition, those with significant autonomous political resources should be more likely to defect. Such resources increase the chances that elites will be able to achieve their political goals independently of the regime.

Our theoretical framework points out some inherent contradictions in previous work on authoritarian durability. Autocrats face tradeoffs in dealing with different types of threats. They may try to co-opt opposition leaders in order to stave off challenges, but by diverting spoils from regime insiders to the opposition, they leave insiders disgruntled. Thus, dictators may find it difficult to co-opt their way out of a rising opposition, because opposition co-optation simultaneously threatens the integrity of ruling coalitions. The regime may also seek an electoral advantage by recruiting strong candidates (e.g., those with personal followings or business resources), but candidates with autonomous resources are exactly the type that are more likely to betray the regime. Finally, regimes may seek to exert greater personal control over politics, but this makes it harder to commit to power-sharing with elites and risks defection.

Using a unique dataset that covers the universe of United Russia candidates in all Russian regional legislative elections between 1999 and 2016, we find evidence consistent with these claims. First, we find some evidence that United Russia cadres are more likely to abandon the party when the regional vote share of the party decreases or when regional economic performance declines. We take both as indicators of the regime's electoral strength: elites defect from regimes whose popularity is on the wane.

We next find that defections increase in settings where rent-seeking opportunities for businessperson deputies are limited and in legislatures where the regime shares more legislative leadership positions with the opposition. United Russia holds majorities in all of Russia's regional legislatures, but it often shares important posts with the opposition in order to co-opt its leaders. Our analysis reveals that this co-optation comes with a cost: By sharing more spoils with the opposition, the regime limits the spoils that are available to its own cadres. This leads to defections from UR.

Our analysis also reveals there are more defections in the most personalist regions of Russia (using several different measures). As a number of authors have argued, dictators in personalist regimes (i.e., regimes where leaders are relatively unconstrained by institutions) have difficulty committing to sharing spoils with elites in a dependable manner (e.g., Svolik 2012). This increases uncertainty for cadres and increases their incentives to defect.

Finally, we find evidence that elites take their own relationship with the regime into consideration when deciding whether to defect. Candidates who already hold elected office are more likely to remain loyal. These candidates have more to risk by defecting. Moreover, we find that ownership of various autonomous political resources matters greatly. Businesspeople—especially those in the private sector—are more likely to defect than bureaucrats and other professional deputies such as lawyers and administrators. Businessperson candidates can draw on their firms to help fund an independent political machine and their employees to help drive their own personal vote. This makes them less dependent on the ruling party. Likewise, deputies who have previously won election as independents (before joining United Russia) are more inclined to defect. Being elected as an independent indicates that the deputy has (or was once able to build) a personal following in their constituency. Ruling party affiliation matters less if a politician can win office on his or her own.

We believe this is first study to use micro-level, quantitative data to test hypotheses about the cohesion of elite coalitions under autocracy. It offers a direct test of several competing perspectives on authoritarian stability. Some argue that authoritarian coalitions are held together by spoil-sharing among elites (Bueno de Mesquita et al. 2003). Others share this focus on elite spoil sharing but add that institutions must exist to make dictators' commitments credible (Magaloni 2008; Svolik 2012). Still others focus on the regime's ability to co-opt or repress threats from the opposition (Gandhi 2008).

We do not resolve this debate, though we do find evidence for a number of the propositions put forth by the neo-institutional literature on authoritarianism. For example, regimes with institutional constraints on the leader have an easier time keeping elites united than those run by personalist leaders. In addition, restricting the overall volume of spoils available to elites, or choosing to distribute spoils to the opposition, can spur defection. We find that regime elites respond negatively to opposition co-optation by voting with their feet.

Our results also suggest that theorists of autocracy should think not just about the characteristics and strength of the "regime" and opposition, but also about the composition, orientation, and resources of individual elites. The resources of elites vary both across and within countries, and the specific types they hold affect their loyalty to the regime. We add to previous work showing how business resources can empower opposition coalitions (Arriola 2013; Greene 2010), while also identifying other assets that politicians can capitalize on to remain autonomous.

AUTHORITARIAN STABILITY AND ELITE COHESION

Dictators do not rule alone. In all autocracies, the ruler is surrounded by a coalition of elites who support the regime and render various political services.¹ Elite allies—legislators, governors, administrators, mayors, military officers, chiefs, oligarchs, employers, clan leaders, and the like—are important to the survival of the regime because they exercise influence over citizens and other important political actors. They are opinion leaders and power brokers. They help the regime mobilize the masses, win elections, administer territory, collect taxes, battle insurgencies, and so on.

Political scientists have long recognized that cohesion among ruling elites is central to autocratic regime stability. For example, this assumption undergirded the transitology school of democratization studies (e.g., Przeworski 1991). O'Donnell and Schmitter (1986) put it starkly when they wrote: "There is no transition whose beginning is not the consequence—direct or indirect—of important divisions within the authoritarian regime itself" (19). Decades later, the neo-institutional literature on authoritarianism has largely been organized around the presumption that schisms in the ruling elite imperil authoritarian regimes. For Geddes (1999), the most important distinction between various regime types is the extent to which they are able to contain elite schisms. Similarly, Svolik (2012) argues that conflict among ruling elites is one of the two main threats to authoritarian rule (the other being mass uprising). Indeed, elite defection plays a central role in many of the most prominent recent studies of authoritarian

¹ Following Higley, Field, and Groholt (1976, 17), we define elites broadly as "persons with power individually, regularly, and seriously to affect political outcomes at the macro level of organized societies." By "ruling elites," we mean those elites with some official position and/or standing in the ruling regime.

longevity (Brownlee 2007; Hale 2014; Levitsky and Way 2010; Magaloni 2006).

Defections—which we define as instances in which regime-affiliated elites voluntarily abandon the ruling coalition in order to challenge the regime²—undermine regime stability. When powerful elites defect, the regime is deprived of access to the skills, followers, and resources that those elites command. This can undermine the ability of the regime to mobilize elite and mass support. Such defectors can help rally the masses against the regime. And when they run in elections, they can divide the regime's vote share and make it easier for the opposition to win. Finally, defections may signal the vulnerability of the regime, which, in turn, may embolden potential challengers.

It is not surprising, then, that elite defections have led to the breakdown of many prominent electoral authoritarian regimes over the past several decades. Examples include Ukraine in 2004 (Way 2005, 138), Mexico in the late 1990s (Langston 2002, 82–3), Serbia in 2000 (Levitsky and Way 2010, 110), Nigeria in 2015 (Animashaun 2015, 196), Georgia in 2003 (Mitchell 2009, 35–7), and Kenya in 2002 (Anderson 2003, 331–33).

While defections by national elites tend to grab most of the headlines, defections by regional elites have also played a key role in the destabilization of prominent electoral autocracies. Garrido de Sierra (2012) calculates that 36 PRI gubernatorial candidates defected to the opposition in Mexico between 1989 and 2006. The rate of defections increased dramatically after 1996 and has been linked to the unraveling of the PRI's local political machine (Garrido de Sierra 2012; Gibson 2005). In Nigeria, the ruling People's Democratic Party suffered a string of regional defections between 2013 and 2015, including the governors of seven states and a number of vice governors (Thurston 2015, 9). The loss of these local patrons (and their vote mobilizing ability) was seen as instrumental to the PDP's historic defeat in March 2015.

Given the far-reaching consequences of elite defections, it is important to know what causes them. Much of the research on this question has been concentrated in one of two areas. First, there is a large literature on the determinants of coups (Belkin and Schofer 2003; Londregan and Poole 1990). We know much about when the military intervenes in authoritarian politics, a very extreme and specific type of elite conflict. In this paper, we focus on electoral defections by civilian elites, a much more common occurrence, especially in the post-Cold War era.³

Another approach to studying elite defection comes from the recent literature on authoritarian institutions. A key insight from this literature is that dictators are often stymied in their efforts to maintain elite loyalty by a commitment problem (Magaloni 2008; Svobik 2012). Leaders may promise to share power and spoils, but they have difficulty making those promises credible. Such distrust of the dictator can lead elites to abandon the regime.

² Defections are distinguished from expulsions or purges, instances in which regime elites are involuntarily pushed out of the ruling coalition by regime leaders.

³ Armed service branches hold a monopoly on violence and in many regimes have organizational autonomy. This makes the study of civil-military relations distinct from the intra-regime conflict we study here.

Dictators who solve this commitment problem—usually by relinquishing some of their arbitrary authority to a political party or a legislature—are said to survive longer. In support of such arguments, scholars have demonstrated that autocracies with power-sharing institutions are more durable (e.g., Gandhi 2008; Svobik 2012).

Such studies are persuasive and influential, but it is clear that institutions are not the only explanation for elite defection. If they were, we would never observe defections in dominant party regimes and personalist regimes would never survive past day two. Empirically, these studies approach the question of elite defection only indirectly. Elite cohesion is assumed to be the mechanism that links institutions to regime longevity, but it is not shown directly that institutions reduce elite discord.

Other studies have examined elite defection more directly. Cross-national quantitative studies have argued that defections are caused by economic crisis (Haggard and Kaufman 1995; Reuter and Gandhi 2011). Qualitative case studies, meanwhile, have focused either on the role of electoral competition (Langston 2006), economic liberalization (Balmaceda 2013; Junisbai 2012; Radnitz 2010), or the contextual strategies used by autocrats (Khisa 2016; Schedler and Hoffmann 2016).

In sum, the empirical literature on defections is sparse. There are a number of qualitative studies that examine the institutional causes of elite defection indirectly, and we have two quantitative studies that focus on the effects of economic growth. Case study research focuses on a broader range of factors, but those studies have not developed a general theory of defections that encompasses structural, institutional, and individual-level explanations. We discuss such a theory below and test its implications with a micro-level, large-N dataset.

THEORETICAL FRAMEWORK

In this section, we provide a simple theoretical framework for analyzing *electoral* defections from authoritarian ruling parties. By electoral defection, we mean instances in which a regime-affiliated candidate not only leaves the ruling party, but challenges it by running for office with a different political affiliation. In order to keep our theory tractable, we focus on this specific, historically important type of defection. Our focus on electoral defections is also useful, as discussed below, because it facilitates the accurate measurement of defection.

We theorize the process from the perspective of a regime-affiliated candidate who is deciding whether to remain with the regime or to defect and run for office against the regime. We assume that when a candidate leaves the ruling party, they forfeit some or all of their standing and influence as members of the ruling group.⁴ How might such a candidate approach this decision? We begin by assuming that ruling party candidates are

⁴ As discussed below, this does not mean that defectors necessarily lose those autonomous resources that do not derive from their standing in the ruling party (e.g., personal popularity, wealth, name recognition, local patron-client networks).

self-interested actors and that their decisions are based on a rational evaluation of the costs and benefits of continued affiliation. These payoffs are evaluated with respect to the candidate's goals.

What are the goals of regime candidates? Following a long tradition in political science, we assume that politicians, whether in democracies or autocracies, are politically ambitious; they want to advance their political careers and expand their political power (Aldrich and Bianco 1992; Laver and Benoit 2003). In the given context, this means that candidates first value getting elected. Getting elected means gaining the support of voters, but since elections under authoritarianism are not free and fair, it also means gaining access to political resources (e.g., media, administrative levers, and patronage networks) that can help skew the electoral playing field in their favor. For brevity, we term this goal *votes*.

Beyond votes, regime candidates value the benefits of office. As in democracies, regime candidates want to achieve "power and prestige" within the chamber (Fenno 1973). In addition, they also seek to maximize control over the private goods that legislative office provides. Collectively, we call these private benefits—prestige, corruption rents, and leadership positions—*spoils*.

While rent-seeking occurs in democracies, opportunities for private gain are usually greater in authoritarian legislatures. In autocracies, the rule of law is usually weak and autocratic regimes often use the legislature specifically as a forum for sharing rents with allies (e.g., Lust 2009). The greater prevalence and acceptance of corruption increases the salience of rent-seeking as a motivation for candidates. Unlike in democracies, any theory of defection under autocracy should pay special attention to spoil sharing.

We further assume that candidates value votes and spoils both now *and* in the future. It is especially important to consider the time horizons of candidates in authoritarian regimes, because elite politics under autocracy is permeated by distrust and uncertainty. Institutional constraints on dictators are often weak, undermining their ability to make credible commitments to share power and spoils. Regime leaders may promise to promote a specific cadre or share some corruption rent in the future, but because dictators are unconstrained in their decision-making, elites may have little reason to believe these promises (Magaloni 2008; Svobik 2012).

Finally, in addition to votes and spoils, we assume that candidates have ideological motivations (Wittman 1983; Cox 1984). For example, they may feel strongly about redistribution or protecting human rights. Compared to their democratic counterparts, autocratic legislatures have less influence over general policy direction,⁵ but as an increasing number of studies now show, their influence is often more than de minimis (Gandhi 2008; Noble 2017). But even if the policy influence of legislatures were minimal, the ideological

motivations of cadres still matters. After all, pro-regime candidates do more than pass laws. They make speeches, adopt public positions, and defend the regime in mass media. Outside of lawmaking, there is ample scope for asserting one's ideological preferences and shaping the policy debate.

For many candidates in authoritarian regimes, affiliating with the regime maximizes their ability to achieve this set of political goals. If the regime is popular, candidates can ride those coattails in their own races. The regime also controls access to state resources and most political offices, helping its allies both win election and further their careers inside the chamber. Affiliation with the regime may also bring access to government largesse and rents, and offers the best chance for influencing policymaking. These are significant benefits and, from this list alone, it is clear why most cadres stick with the ruling party.

And yet, elites often do defect. We argue that aligning with the regime can come with important costs, which for certain types of candidates, and in certain settings, can outweigh the benefits of continued affiliation. After all, what is good for the ruling party is not always good for an individual politician. If a candidate is forced to support a measure (or a leader) that is unpopular in her district, she may suffer at the polls for it. Ruling parties also often force candidates to "buy" their seats by contributing financial resources to the ruling party (Blaydes 2011). Bowing to these demands may not make sense if the regime is not providing sufficient spoils in return. Defecting to the opposition may also lead to a status improvement for the candidate. A low-level regime official may be a small fish in the pool of regime candidates, but a big fish in a smaller opposition party. Such a move may actually improve access to spoils if the opposition is being co-opted by the regime.

Finally, regime affiliation can be costly if the candidate's ideological position differs from that of the regime. Politicians whose policy preferences do not align with the regime may be forced to contravene their own beliefs, support policies they do not actually believe in, and help perpetuate a regime they detest. As Kuran (1991) and others have argued, this type of preference falsification is psychologically costly.

We expect that candidates will quit their affiliation with the regime when they perceive that these costs outweigh the benefits. Defections are more likely to occur when candidates believe that opportunities for achieving their political goals within the party are diminished. This framework thus provides a roadmap for identifying the conditions that will, *ceteris paribus*, make defections from the ruling party more likely to occur. And while this general approach could produce a number of possible hypotheses, we focus below on those that are testable,⁶ non-trivial, and have the most relevance for current debates on authoritarian politics. For instance, our hypotheses speak directly to debates

⁵ Policy preferences play a significant role in theories of defection in democracies (Heller and Merston 2008).

⁶ For instance, one hypothesis we do not examine is that elites whose ideological preferences diverge from those of the regime should be more likely to defect. This seems likely, but it is not testable with our data.

about personalism, opposition co-optation, the role of institutions under autocracy, and elite power-sharing.

Beginning with votes, we should expect more defections as the ability of the regime to provide votes—i.e., help candidates win elections—decreases. If the regime is on the brink of collapse, then defections will, of course, be widespread. But even when the regime is still in power, candidates should be more likely to defect if they do not view affiliation as an electoral asset. This might happen if the administrative capacity of the state weakens, its ability to commit fraud wanes, or the popularity of the ruling party fades.⁷

H1: Defections should increase as the regime's electoral vulnerability increases.

Turning to spoils, our framework also predicts that defections should increase as access to spoils declines. This could happen because of an external shock. An economic downturn might reduce the amount of corruption rents available. Alternatively, access to spoils might decline because of some political choice taken by the regime. Some prominent accounts hold that autocratic coalitions are bound together by direct transfers of spoils (e.g., Bueno de Mesquita et al. 2003). When the regime limits opportunities to access spoils—perhaps by decreasing institutional points of access or constraining legislators' ability to abuse their office for personal gain—elites will have less incentive to stay with the regime.

H2: Defections should increase as opportunities for accessing spoils decrease.

The availability of spoils also depends on the regime's spoil distribution strategy. In autocracies, most spoils are reserved for pro-regime elites, but recent literature has shown that the regime often shares some benefits with the opposition as well (Gandhi 2008; Reuter and Robertson 2015). Autocrats do this in order to buy off their leadership and reduce the threat of mass unrest. This leads to a tradeoff. The size of the pie is limited, so by distributing spoils to the opposition, the regime is depriving some insiders of those benefits. If ambitious regime cadres are snubbed in favor of outsiders, they may calculate that their future chances of receiving spoils from the regime are diminished. Furthermore, they may also conclude that joining the opposition will not result not in oppression, but rather in the chance to acquire the same patronage they did as members of the ruling party.

H3: Defections should increase as the regime shares more spoils with regime outsiders.

Broadly speaking, the discussion above suggests that defections should increase when the regime fails to offer sufficient opportunities for accessing spoils. But elites also care about the credibility of those offers. Can they

trust the regime to follow through on its promises to reward them for loyalty and service? One of the main contentions of the neo-institutional literature on authoritarianism is that dictators who solve their credible commitment problems will find it easier to keep elites loyal. One way that commitments can be made credible is if there are formal institutions with some modicum of independence—e.g., legislatures or ruling parties—that can regularize spoil distribution in a predictable way (e.g., Magaloni 2008; Reuter 2017). Such institutions may also facilitate spoil-sharing by improving the monitoring ability of elites (Svolik 2012) and enabling them to solve collective action problems vis-à-vis the dictator (Gehlbach and Keefer 2011). When such institutions are weak, as they usually are in so-called personalist regimes, the leader is more unconstrained and elites are more likely to fear that the dictator will act capriciously in the spoil distribution process. This should make defections more likely.

H4: There will be more defections where institutional constraints on the leader are fewer (i.e., in more personalist regimes).

The characteristics of candidates will also affect their propensity to defect. For one thing, candidates vary in the extent to which they are uncertain about future access to spoils. Those who have already secured access to office and spoils have less reason to start fresh outside the ruling party. Moreover, they can leverage their privileged position to help maintain their stature. On the other hand, candidates without established footholds in the legislature might be concerned about the regime's commitment to their own ambitions. Such candidates also have less to lose by casting their lot with the opposition.

H5: Candidates who have already achieved office will be less likely to defect.

Finally, individual candidates vary in the extent to which they can achieve important political goals—e.g., winning elections and securing spoils—without regime affiliation. Those with their own political resources which do *not* derive from their affiliation with the ruling party (e.g., personal followings, independent political machines, and hard-to-tax economic assets) are better positioned to do this.⁸ For example, a candidate who can generate votes independently has less need for regime electoral support. Candidates with *autonomous* resources can also leverage their resources in order to extract spoils from the regime, even as independents. Moreover, such candidates have more to offer the opposition and therefore can demand higher standing if they choose to defect. In sum, candidates with independent resources are better able to withdraw from the regime and achieve their political ambitions.

⁷ Since some portion of regime vote totals is determined by fraud, this hypothesis is consistent with arguments that fraud helps maintain loyalty by demonstrating regime dominance (Simpser 2013).

⁸ For a similar argument applied to United Russia's precursors see Hale (2007) and Smyth (2006). In addition, work on the loyalty-competence in tradeoff in authoritarian appointment has usefully pointed out that competent subordinates have better outside options and are therefore more likely to be disloyal (Zakharov 2016).

H6: Candidates with more *autonomous* political resources will be more likely to defect.

Expulsion versus Defection

We have defined defections as instances in which a member of the ruling coalition *voluntarily* departs from the ruling coalition in order to challenge the regime. Our conception of defection does not encompass instances in which the regime purges or expels elites against their will. Ruling parties may have good reasons to show some members the door. For example, candidates with criminal pasts can create electoral liabilities. As we outline in the Research Design section below, we remove any such expulsions from our data, ensuring that the remaining defectors left the party on their own accord.

Still, even if our empirical approach miscodes some expulsions as defections, we would not expect the hypotheses we derive above to predict *both* defections and expulsions. For one, there is little reason to expect a positive relationship between the electoral vulnerability of the regime and expulsions. Forcing out regime affiliates during times of political uncertainty is a risky strategy. The literature on coup-proofing, for instance, argues that dictators are more likely to move against their rivals when the risk of coups is low (Sudduth 2017). It is also doubtful that the regime would be more likely to expel elites when rent-seeking opportunities are greater. The same goes for spoil-sharing with the opposition. We see no reason to think that the regime would feel compelled to expel cadres when it is sharing resources with the opposition. In contexts where elections are used to select leaders, the regime should also be keen to retain those cadres that have resources that can help it win votes and govern cost-effectively. Recent studies of United Russia's electoral strategy have shown that the party focuses on co-opting prominent politicians with well-developed political machines (Golosov 2011; Reuter 2017). Therefore, we should not expect to see politicians with more autonomous resources being expelled. And, if our dataset is contaminated with hidden expulsions, it should be harder to find significant results on these variables.

RESEARCH DESIGN

The Russian Case

We test our hypotheses using data on candidacies to regional legislative office in Russia during the period 1999–2016. Russia is a federal state containing 85 subnational units, colloquially called regions, each of which contains a directly elected legislature. Why should an analysis of elite defections look at Russian regional legislators? First, these legislatures contain a vivid cross section of the most important elites in a region. The most prominent regional figures—directors of large enterprises, representatives of state corporations, and the heads of major hospitals and research institutes—are all likely to be members of (or have

representatives in) their region's legislature. Regional legislatures are key fora of rent-seeking and spoil-sharing among the Russian regional elite.

Next, the large number of regions in Russia provides a greater sample size than could be obtained by studying a national legislature. Since Russian regions vary on important political dimensions—including institutional configurations, levels of political competition, and the strength of United Russia's regional branches—we are able to examine hypotheses about how regime-level factors affect defection. A number of scholars have made the convincing case that Russian regions can be treated as subnational political regimes (Lankina, Libman, and Obydenkova 2016; Petrov and Titkov 2013), a conceptual convention that is common in the study of other federations as well (Gibson 2005). At the same time, by looking at variation in defection rates within a single dominant party, we are able to hold constant some important factors, such as ideology and national political conditions.

A final reason for examining Russian regional legislatures is practical. Given that our hypotheses make predictions about when elites leave the ruling party, we require an arena where data on partisan affiliations are available. While many bureaucrats carry partisan memberships, information on those affiliations is not public and is difficult to gather. For legislative candidates, the matter is simplified by the fact that candidates register their affiliation when they run for office.

Our period of analysis begins at a time when United Russia was emerging as the dominant party in Russia. From 1999 to early 2003, central authorities had little involvement in regional legislative politics. Between 2001 and 2003, only 1.7% of candidates were affiliated with United Russia, which received backing from President Putin but was only starting to expand its position outside of Moscow. Beginning in 2003, the federal center—and United Russia—significantly increased its role in regional politics. By the late 2000s, all of Russia's regional legislatures had United Russia majorities and the vast majority had super majorities. Between 2010 and 2016, 72% of all regional deputies held a UR affiliation.

Data on Defections

Examining candidate defections from the ruling party first requires establishing the proper sample for analysis. This section provides a condensed description of the sample construction procedures; a more detailed explanation can be found in the appendix. First, we collected basic data on all candidates to regional legislative office registered with the Russian Central Election Commission at any point from 1999 to 2016. We refer to the act of running for office as a “candidacy” and the specific person behind that candidacy as an “individual.”

Over this period, there are 117,834 candidacies to 336 regional legislative convocations. The total number of individuals (as uniquely defined by name and date of birth) who ran is 96,962, resulting in roughly 1.2 candidacies per individual. 14,757 individuals ran for office

more than once over the period. These individuals with multiple candidacies are over five times more likely to win elections compared to individuals that only ran once (32% compared to 6%).

We begin by narrowing down our sample of candidacies according to the following criteria. First, to be included in the analysis, a candidate must have been affiliated with the ruling party (UR) during any regional election. Candidates indicate their party affiliation upon registration. From 1999 to 2016, there were 19,131 candidacies affiliated with UR, or 16.2% of the total. We exclude all other candidacies, such as those run by members of opposition parties or independents, since these individuals never publicly established an association with the regime and could not have defected from it.

The second criteria to enter the sample is that regime-affiliated candidates face a choice about whether to remain with the ruling party or drop their affiliation and challenge the regime. We operationalize this decision by requiring that each candidate that enters our sample run in two consecutive regional elections. In the first election of each sequence, all candidates must have affiliated with United Russia. In the second election, a candidate decides which party affiliation to adopt. Each electoral sequence is a unique observation, and individuals can be members of multiple electoral sequences.⁹ As indicated in Appendix Figure A.2, 4,291 electoral sequences run by 3,398 individuals fall into this UR “Repeat Runner” category. In other words, these are candidates who (a) have run for office in two consecutive elections and (b) ran with a UR affiliation in their first balloting.

The vast majority retained their UR affiliation in the second election of the sequence but some choose to drop the UR affiliation and run against the ruling party. These are our defectors.¹⁰ We code an individual as having defected from the ruling party if he or she ran on a different party ticket or as an independent in the second election in each sequence.¹¹

⁹ Roughly one-quarter of the individuals in this category were connected to multiple sequences according to our criteria, including 64 individuals connected to three sequences and six individuals who were in four sequences.

¹⁰ Our approach focuses only on those who remain in electoral politics. But candidates may choose not to run again, either seeking appointed office or leaving politics altogether. The former path could not be considered a defection, since a candidate could not receive an appointment in the executive branch unless he/she were on good terms with the regime. Regime candidates might also choose to exit politics, but this is less challenging to the regime and, therefore, of less interest. An electoral challenge is brazen and threatening. The decision to leave politics is also analytically distinct from defecting from the ruling party. To focus on defections, we analyze those who remain in electoral politics and effectively censor all other decisions. In the appendix we investigate the broader set choices facing candidates.

¹¹ For ease of exposition, we collapse these two into a single exit option. Later, we examine how relaxing this assumption affects our analysis. The opposition wants to encourage defections and one way to do this is by welcoming defectors into their ranks. Many ruling party candidates also have resources (wealth, resources, and reputations) and information (inside knowledge of the regime) that are valuable to the opposition.

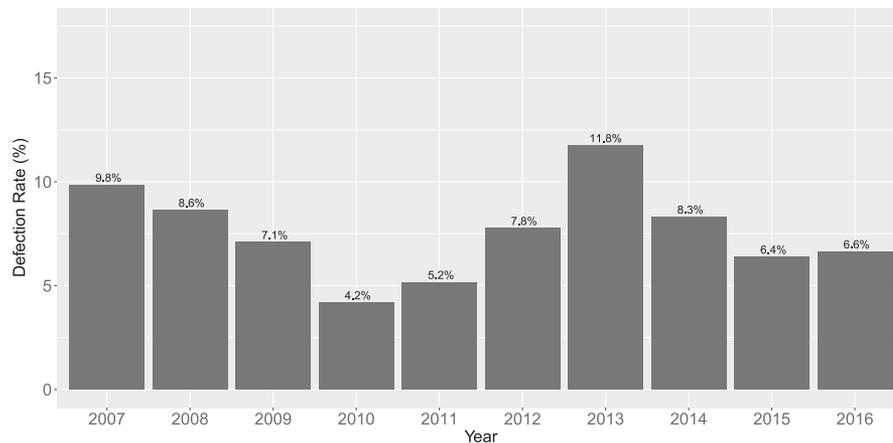
As an illustration, consider the case of Aleksei Vereshagin. Vereshagin is a long-time deputy in the Arkhangelsk Region Council of Deputies. In our data, he has run for a seat four times: in 2000 as an independent; in 2004 from United Russia; in 2008 again from United Russia; and in 2013 as an independent. This career path contains two electoral sequences that are included in our analysis: the 2004–08 sequence and the 2008–13 sequence. The 2000–04 sequence is not included because Vereshagin ran as independent in 2000, so he could not, logically, defect from United Russia before the 2004 election. For the 2004–08 sequence, Vereshagin affiliated with United Russia in the first election and remained with the party in the second. We code such a candidate as not having defected in 2008, since his affiliation did not change. For the 2008–13 sequence, Vereshagin affiliated with UR in 2008, but then ran as an independent five years later. We code this as a defection from the regime in 2013.

Summary Statistics

Our data indicate that defections are neither common nor rare. Of the 4,291 eligible electoral sequences in our empirical sample, we find that 320 candidates defected from United Russia in the second election. This translates to roughly 1 in 13 United Russia candidates defecting, or a rate of 7.5%. Defections occurred in 76 of the 87 regions in our sample. Smolensk Region and Republic of Buryatia saw the highest number at roughly 25%, while regions such as Saratov, Rostov, and Kemerovo did not experience any defections over the period.

Figure 1 plots the nationwide defection rate over time. From 2007–2011, the rate decreased by roughly 45%. This corresponds to a period when United Russia was consolidating its control over regional politics and when Putin’s popularity was consistently high. Meanwhile, the marked increase in defections in 2012–13 corresponds to the period when United Russia’s popularity fell after the 2011–12 protest wave. Political observers in Russia noticed an uptick in defections during this period, and some even questioned whether the party would survive the crisis.¹² The regime’s popularity was buoyed again in 2014 by the surge of patriotism that followed the annexation of Crimea, and we observe that defections decreased during this period. In sum, our micro-level data track with national trends

¹² For instance, see: “Partiinaya Sistema: Nachalo Peregruzki” *Analytic Report of the Committee for Civic Initiatives*. <https://komitetgi.ru/analytics/756/>; “Brosit Vyzovu: Regionaliye Vybori Mogut Izmenit’ Rasonovku Politicheskikh Sil,” *Moskovskie Novosti* April 1, 2013; and “Prokhorova Podozrevayut v Peremanivanii 50 Deputatov ‘Edinoy Rossii’” *Izvestiya* March 20, 2013. For commentary on the wave of defections in this period see: “Regional Elites See United Russia’s Stock Falling,” *Moscow Times*, August 25, 2013; and “Krasnoyarsk Vyzval Brozhenie” *Gazeta.ru* May 28, 2012. For prominent predictions of the party’s downfall, see: “Lebedinnaya Pesnya Edinoy Rossii: Kakova Strategii Vlasti na Predstoyashikh Vyborakh” *Forbes.ru* June 18, 2013; and “Elections Show the End of One-Party System” *Moscow Times* August 26, 2013.

FIGURE 1. Defection Rate by Year

This figure plots defection from United Russia by year. The x-axis shows the year of the second election in the sequence. We exclude the small number (52) of candidates from 2004–06.

and are consistent with anecdotal accounts of elite defection in Russia.

Seventy-four percent of our candidates are incumbents (those who won in the first election in the sequence). Incumbents are much less likely to defect than non-incumbents (5% versus 13%). However, of the 320 defectors, 173 (54%) were incumbents, indicating that many defections happen among incumbents.¹³ Defecting from the ruling party by no means spells the end of one’s political career. Whether running with the opposition or as an independent, UR defectors win their second election roughly 25% of the time. This means that defectors are over three times more successful than the average opposition candidate, who wins office only 7.8% of the time. And yet, affiliating with the ruling party still carries clear electoral advantages; otherwise, the regime would have collapsed under the weight of mass defections. UR candidates who stayed with the ruling party in the second election of the sequence won roughly 70% of those races.

Handling Potential Expulsions

This scheme for identifying defectors is quantitative and, as such, it cannot easily distinguish between cases when legislators left the ruling party voluntarily and cases when they were expelled. To address this, we collected press reports on all the 341 “defections” we identified in the data and coded them to determine whether the candidate was expelled or defected voluntarily. We uncovered 21 such expulsions, and we exclude these observations from all analyses below.

As discussed above, one might still object that our sample could be contaminated by expulsions. Yet, several pieces of evidence indicate that our sample is composed primarily of “real defections.” For one thing,

the fact that we only uncovered 21 expulsions in our sample of mechanically coded “defections” indicates that defections are much more common than expulsions. In addition, the temporal distribution of defections shown in Figure 1 is inconsistent with an expulsion story. As noted above, there is considerable anecdotal evidence pointing to an increase in defections during 2012–13, but there is no evidence that a party purge was underway.

Finally, our data indicate that defectors perform considerably better than the average opposition candidate. This fact is hard to reconcile with an expulsion story: After all, why would the ruling party drive out candidates who will help the opposition win more votes? As noted below, defections appear to undermine United Russia vote totals. This increases our confidence that our data are not significantly contaminated by expulsions. Even with all this, it is still possible that a few expulsions go unnoticed and that our dependent variable is measured with error. Such contamination should reduce the efficiency of our estimates and make it harder to find statistically significant results.

Political Costs of Defection

We are not aware of other studies of elite defections in Russia, but work on Russian regional politics argues that elite conflict weakens the regime, in particular by damaging United Russia’s vote share (Golosov 2011; Lapina and Chirikova 2002).¹⁴ There is considerable anecdotal evidence showing that defections undermine UR’s ability to mobilize votes. One high profile instance occurred in 2012 in Yaroslavl, where former UR legislator Evgenii Urlashov won election to mayor, defeating the governor’s favored candidate. In other instances, defections can peel away UR voters and prevent the ruling party from securing the large vote margins that signal regime invincibility. In Irkutsk in 2013, Alexandr

¹³ Our main models pool incumbents and non-incumbents, but in Appendix Section G.2, we show separate models on the incumbent and non-incumbent subsets.

¹⁴ Hale and Colton (2017) study defections by voters.

Bitarov, a former UR regional party secretary and vice chairman of the regional legislature, led a group of prominent UR members away from the party and became chairman of the local branch of the right-leaning party, Civic Platform.¹⁵ Leaning on Bitarov's name recognition and financial resources—he was head of the region's largest construction firm—Civic Platform drew votes from United Russia and won 9% of the party list vote, an impressive showing for a new opposition party. United Russia ended up with only 42% of the party list vote, the second worst showing for the party among the 16 regions holding elections that year.

Our quantitative data are consistent with these examples. In Appendix Section E, we show that a single defection is associated with a 1–3% decrease in UR's party list vote share in the subsequent election. In SMD races, UR is often unable to find a replacement candidate after it suffers defection. And when it does find a replacement, that candidate receives fewer votes and is 10% less likely to win. Defections make it harder for UR to dominate elections.

Defections also complicate lawmaking. The Kremlin has long had difficulty controlling non-partisan deputies, even if those deputies are ideologically aligned (Hale 2007; Remington 2006). At the very least, the transaction costs of passing legislation increase significantly when pro-regime deputies are not subordinated to party discipline. Finally, the simple fact that UR party leaders worry about defections demonstrates that they are problematic. In 2012–13, UR party congresses were marked by regional party leaders requesting more tools from Moscow to help them shore up party discipline in the locales.¹⁶

Independent Variables

To test Hypothesis 1, we use two related indicators of the regime's electoral vulnerability in the region. First, we measure United Russia's vote share on the PR ballot during the year of the first regional election in each candidate sequence. Low UR vote share could indicate that the political machine of the regional administration is weak, or it could indicate that the opposition is strong.¹⁷ Whatever the cause, the electoral benefits of remaining with UR are lower in regions where the party is performing poorly at the polls. This should lead to an increase in defections.

Second, we treat economic performance as a measure of the regime's electoral vulnerability. Poor economic performance is an issue around which challengers might mobilize support, and the electoral viability of the opposition usually increases during economic crisis. We use the rate of economic growth in the region for the year immediately preceding the second election in each sequence (the year the candidate decides whether to remain with the ruling party).

¹⁵ See “Aleksandr Bitarov vybral ‘Grazhdanskuyu Platformu’” *Baikalskie Vesti* June 24, 2013.

¹⁶ See, for example, “‘Edinaya Rossiya’ podelitsya rukovodnyashchei rol'yu” *Kommersant* October 4, 2013.

¹⁷ In the appendix, we explore models that examine trends in UR vote share.

To test Hypothesis 2 on access to spoils, we develop a measure of the financial payoffs that UR legislators reap from office. Recent research has shown that business-person deputies in Russia can earn sizable increases in revenue and profitability for their firms (Szakonyi 2018). Using firm-level financial data, we compute the average change in profitability for firms connected to UR deputies over the course of each regional legislative convocation.¹⁸ We expect that UR candidates will be more likely to defect when it becomes apparent that the amount of spoils being channeled to UR-connected businesspeople goes down. This measure is available for convocations starting between 2004 and 2011, covering 91% of our observations.

To test Hypothesis 3 on spoil distribution to the opposition, we use data on the allocation of legislative leadership positions during the convocation preceding the second election in the sequence. Legislative leadership offers special opportunities for deputies to push for desired legislation, secure perks, such as offices and staff, and direct pork to their constituencies. We calculate the percentage of speakerships, vice-speakerships, and committee chairmanships given to United Russia deputies in each regional convocation.

United Russia held a majority in almost all convocations during this period and has the right to keep all leadership positions for itself. However, the regime sometimes distributes leadership positions to opposition leaders in order to co-opt them and keep them from mobilizing their supporters in the streets (Reuter and Robertson 2015). The logic of our hypothesis suggests that there should be more defections when United Russia shares more leadership positions with the opposition. This signals to United Russia candidates that their chances of receiving future spoils through the party have decreased while their chances of receiving spoils as a member of the opposition have increased.

Hypothesis 4 suggests that defections should be more likely in personalist regimes. We use two proxies to measure personalism, which, following Geddes, Wright, and Frantz (2017, 1), we define as the extent to which “the dictator has personal discretion and control over the key levers of power in his political system.” Our first measure is an indicator for whether the region is an ethnic republic that is headed by a member of the republic's titular ethnic group.¹⁹ In the 1990s, leaders in many ethnic republics used strong identity-based social networks to build powerful regional machines (Hale 2003). This was especially common in republics where the titular ethnic group constituted a majority of the population, in which case a member of that group usually became leader. These leaders then used machines to concentrate power

¹⁸ Appendix Section F.3 details this operationalization. In brief, we aggregate residuals to the region-year from a regression of end-of-term firm profits on start-of-term profits, firm covariates, and region, sector, and year fixed effects. This gives us a time-varying measure that effectively controls for other factors affecting profitability over a single convocation.

¹⁹ Twenty-two of Russia's 85 federal subjects are so-called “ethnic republics,” which typically correspond to areas where ethnic minorities are concentrated.

in the executive branch (most of them created “Presidencies” for themselves) and sideline formal institutions, such as legislatures and ruling party cells, that could place constraints on leaders.

Scholars note high degrees of personalism in Russia’s ethnic republics (Sharafutdinova 2013). Some of Russia’s most well-known regional strongmen (e.g., Mintimer Shaimiev and Murtaza Rakhimov) have been heads of ethnic republics. Chechnya is an illustrative, though admittedly extreme, case. One recent study found that 30% of 158 top officials were Ramzan Kadyrov’s relatives.²⁰ A further 23% were from his village. In the 1990s, leaders of ethnic republics were more likely to create their own personalized regional parties than join federal parties (Makarenko 1998). And traditionally, United Russia has found itself more dependent on the machines of these leaders than these leaders have been on the party (Golosov 2011).

Given the overweening power of leaders in these regions, the institutional independence of United Russia is usually weaker. Spoil distribution is less likely to be governed by rules and norms embedded within the ruling party and more likely to depend on the arbitrary will of the regional leader. Since these dynamics are most common where the leader is from a non-Russian ethnic majority, we use a dummy variable for this condition as our first indicator for personalism.²¹

We also employ a secondary indicator of personalism that is not limited to ethnic republics. We bring to bear new data from the “Expert Survey on the Quality of Government (QoG) in Russia’s Regions” conducted by the Quality of Government Institute at the University of Gothenburg. In 2014, the QoG Expert Survey polled 311 experts on the organizational design of bureaucracy in 65 Russian regions (Nistotskaya, Khakhunova, and Dahlström 2016). We draw on a question that asked about the degree to which new chief executives upon entering office, dismissed bureaucratic administrators and replaced them with their own sympathizers.²² Respondents then named the percentage of three types of positions that were apportioned in this manner (low to mid-level specialists, top-level managers, and directors of state-funded organizations). We calculated the average across all three categories (values range from 0 to 100), with higher values indicating a greater degree of personalism in determining the allocation of spoils. Unfortunately, this measure is not available for all regions.

At the individual level, we include a dummy for whether the candidate already holds legislative office (H5). Incumbents have already achieved one of their major political goals—being elected—so should be less likely to defect. We measure autonomous resources in three ways. First, we include an indicator for whether the candidate has won election previously (*prior* to the

first election in a sequence) as an independent. This would indicate that the candidate has the personal following and/or resources necessary to achieve elected office on his/her own. Such candidates have more to offer the opposition and find it easier to get elected without regime support.

Second, we create a series of indicators that tap a candidate’s occupational autonomy from the regime. Candidates who work for the state owe their careers to regime leaders and therefore should be less willing to risk defection. By contrast, those who work in the private sector should be more willing to defect from the regime.

Finally, we also include indicators for whether a candidate is a firm director and whether their firm operated in the private sector. Private firm directors have a degree of independence from the state that gives them leeway to defect. Recent work has shown that businesspeople possess the organizational and economic resources necessary to win office, making them less reliant on political parties (Hale 2007; Smyth 2006; Szakonyi 2019). For example, many businesses in Russia operate as political machines, with their managers mobilizing their employees to vote (Frye, Reuter, and Szakonyi 2014). Recent work in Africa comes to a similar conclusion. Arriola (2013) argues that private firms are better able to cultivate political autonomy and are therefore more likely to support opposition coalitions. The ability to bankroll one’s own campaign provides an escape from party dictates.

Party leaders in Russia assiduously court businesspeople for financial contributions, while government officials rely on employers to ensure high turnout (Hutcheson 2012). And party leaders encourage private firm directors to become members of the party, so as to improve the party’s image in society (Fremke 2008). Political parties must curry favor with business leaders, given that they are among the only actors in society with substantial economic resources. On the other hand, SOE directors are much more reliant on maintaining good relations with the government, most notably to save their own jobs. State officials appoint SOE directors (Sprenger 2010), and these decisions may be based on how well these enterprises serve political functions, such as mobilizing votes.²³

To create these variables, we first classify candidates by the occupation listed on their registration form. Our binary, mutually exclusive categories include Firm Director (upper-level company management), Government Employee (working in the bureaucracy or a budgetary institution), Private Sector Employee (skilled or unskilled workers), Social Organization Employee

²⁰ See <https://www.bbc.com/russian/features-44576739>.

²¹ Results are robust to using a simple dummy for whether a region is an ethnic republic.

²² See the appendix for exact question wording, a more detailed description of the survey, and results using disaggregated data and alternate questions that ask about political connections and hiring decisions.

²³ A possible alternative interpretation is that SOE directors are more ideologically aligned with the regime. While we cannot empirically refute this interpretation, it seems unlikely in the Russian context. United Russia is a catch-all party when it comes to economic policy. There is little in its ideology that would make it more attractive to state directors than leftist parties. In fact, to the extent that it has an identifiable economic position, it is usually considered more market-oriented than other Russian parties (Hale and Colton 2017). One survey of firm directors found that private directors were more likely than state directors to vote for Russia’s pro-regime parties (Frye 2003).

TABLE 1. Individual Determinants of Defection

	Dependent variable: Defected (0/1)			
	(1)	(2)	(3)	(4)
Male	0.006 (0.012)	0.007 (0.013)	0.007 (0.012)	0.007 (0.010)
Age (log)	-0.014 (0.019)	-0.012 (0.020)	-0.012 (0.024)	-0.025 (0.023)
Ran on SMD ballot	0.042*** (0.009)	0.043*** (0.009)	0.112*** (0.021)	0.097*** (0.021)
Currently in office	-0.085*** (0.018)	-0.085*** (0.018)	-0.078*** (0.018)	
Firm director (self-described)	0.018** (0.007)			
Private firm director (with SPARK data)		0.019** (0.009)	0.021** (0.010)	
SOE Director (with SPARK data)		-0.014 (0.015)	-0.010 (0.018)	
SMD vote share			-0.137*** (0.040)	-0.171*** (0.038)
Ran on closed PR list			-0.016 (0.012)	-0.036*** (0.011)
Low ranked on closed PR list			0.002* (0.001)	0.003** (0.001)
Won seat as independent previously			0.030*** (0.010)	0.022** (0.011)
Government employee				-0.025** (0.010)
Private sector employee				-0.033* (0.019)
Social organization employee				-0.006 (0.015)
Political party employee				-0.055** (0.027)
Professional regional legislator				-0.010 (0.012)
Unemployed				0.110* (0.058)
Repeat election year fixed effects	Yes	Yes	Yes	Yes
Region fixed effects	Yes	Yes	Yes	Yes
Observations	4,291	4,291	4,163	4,162

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. This table examines individual-level covariates. Firm Director (self-described) is a dummy for whether the candidates indicated they were part of a private firm's upper management; Private Firm Director and SOE Director add further information from the SPARK database. The reference category for the three firm-related variables is all other non-businessperson candidates. Likewise, the reference category for the occupation dummies is all businesspeople. All models use OLS with repeat election year and region fixed effects and cluster standard errors on region and year.

(working in NGOs, academia, the media, or trade associations), Political Party Employee (employed full time within United Russia), Professional Regional Legislator (legislative incumbent without outside employment), and Unemployed (pensioner, student, etc.).

We also draw on recent work on businessperson candidates that matches regional legislators in Russia to firm registries to uncover business ties (Szakonyi 2018).²⁴ We code two indicators based on the ownership of the firms that candidates were affiliated with: private

versus state-owned. Firm registry data are only available for candidates running from 2004 to 2011; for the remaining years, we manually code the sector of the firms listed on candidate registration forms.

Several controls are also included. First, we include an indicator of the region's level of democracy. Defections may be less likely in more closed regimes, those that are more repressive, and/or in those where elections are less free.²⁵ These data come from Petrov and Titkov (2013) and are commonly used in studies of Russian subnational politics. Defections may also

²⁴ We use the Professional Market and Company Analysis System (SPARK), which aggregates official registration data for all Russian firms, to identify management positions that candidates held at the time of election.

²⁵ See the appendix for robustness checks using alternative measures that focus more directly on repression in Russia's regions.

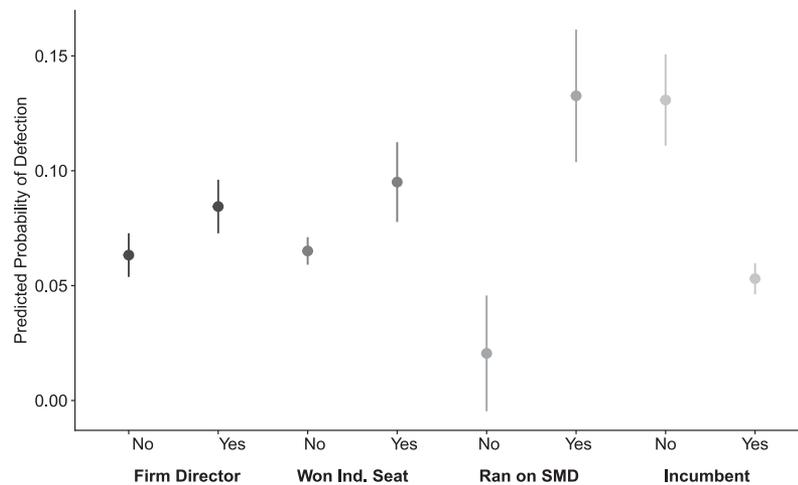
FIGURE 2. Individual-Level Substantive Effects

Figure presents the predicted probability of defection based on different values of the predictors shown in bold. The model used to generate the probabilities comes from column 3, Table 1. All other predictors are held at their means.

increase when the regional government changes; we include a variable equal to one for elections in which the governor has changed from being an insider (i.e., from the region) to an outsider (or vice versa) in any of the years since the starting election. Finally, we control for candidate age, ballot structure (i.e., PR or SMD), gender, the share of the vote received in the first election of the sequence (if they ran in a SMD), and the candidate's position on the party list (for PR candidates).²⁶

MODEL AND RESULTS

To assess the determinants of defection, we use linear probability models (OLS).²⁷ The main outcome variable, defection, takes a value of 1 if a United Russia candidate defected in the second election of a given sequence, and 0 if they ran in the second election under the UR banner. Each observation is an electoral sequence, as described above. Before adding region-level covariates to the models, we first present models focusing on the individual (candidate)-level determinants of defection (Table 1). These models include both fixed effects for region and for the year of the second election in the sequence.

The results reveal support for several of our candidate-level hypotheses. First, we find that incumbency is negatively correlated with defection.

Candidates who held seats at the time of the second election in the sequence are less likely to defect. These incumbents found success affiliating with United Russia and are hesitant to break ranks for fear of jeopardizing their position in the legislature.²⁸ As Figure 2 shows, this effect is substantial. While holding all other covariates at their means, an incumbent has a predicted probability of defection of 5%, while the predicted probability for non-incumbents is over 2.5 times as high (13%).

Next, we find that candidates with autonomous resources are more likely to defect from United Russia. Candidates that had previously won election as an independent in a single-member district are significantly more likely to leave the ruling party. The electoral resources they employed to win election in the past may be transferrable to future contests.

The situation is similar with firm directors, who have financial and organizational resources that can aid their electoral independence. We see that the point estimates on both measures of firm director are positive and statistically significant.²⁹ What is interesting is that the point estimate for state-owned enterprises directors is not statistically different from the reference category (all non-businesspeople). SOE directors have less autonomy from the state than do private businesspeople.

²⁶ Because roughly half of regions also allow parties to divide the party list into territorial groupings, we use a dummy variable ('Ran on Closed PR List') to control for whether a PR candidate was placed on a common "closed" list. See appendix for further details.

²⁷ We use LPMs instead of Logit models in order to avoid issues of separation that arise in models that include covariates that change slowly over time. Our results are fully robust to using logit models for the same specifications; see Appendix Section D.

²⁸ We cannot exclude the possibility that this finding is driven by ideology. Incumbents may be more devoted to the regime's ideology. But incumbency is likely a rather weak proxy for ideology, especially given that we are controlling for ballot structure. As we show in the appendix, these results are robust among SMD candidates. It seems less likely that difference between winning and losing an SMD race hinges on ideological attachment to the regime.

²⁹ Appendix Table H.4 shows defections by firm directors are even more common in SMD races. This indicates that firm directors are able to use their business resources to win candidate-centered, territorially based elections on their own.

TABLE 2. Regional Determinants of Defection

	Dependent variable: Defected (0/1)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Male	0.012 (0.010)	0.012 (0.010)	0.010 (0.011)	0.008 (0.012)	0.012 (0.012)	0.010 (0.013)	0.009 (0.015)
Age (log)	-0.028 (0.023)	-0.026 (0.023)	-0.031 (0.022)	-0.029 (0.021)	-0.030 (0.023)	-0.027 (0.022)	-0.047* (0.025)
Firm director (self-described)	0.014** (0.007)	0.013* (0.007)	0.020*** (0.007)	0.022*** (0.007)			0.023** (0.011)
Private firm director (with SPARK data)					0.014* (0.008)	0.018** (0.007)	
SOE director (with SPARK data)					-0.011 (0.012)	-0.010 (0.012)	
Ran on SMD ballot	0.033*** (0.009)	0.032*** (0.009)	0.032*** (0.009)	0.036*** (0.008)	0.034*** (0.008)	0.038*** (0.008)	0.039*** (0.010)
Won seat as independent previously	0.031*** (0.010)	0.030*** (0.010)	0.038*** (0.009)	0.039*** (0.009)	0.037*** (0.009)	0.037*** (0.009)	0.034*** (0.013)
Currently in office	-0.090*** (0.018)	-0.089*** (0.018)	-0.089*** (0.018)	-0.098*** (0.022)	-0.088*** (0.018)	-0.097*** (0.022)	-0.098*** (0.023)
UR regional vote—Election #1	-0.067** (0.027)	-0.057* (0.030)	-0.011 (0.033)	-0.054 (0.036)	-0.012 (0.032)	-0.056 (0.035)	-0.021 (0.044)
Growth (1-year lag)		-0.004*** (0.001)	-0.004*** (0.001)	-0.003*** (0.001)	-0.004*** (0.001)	-0.003** (0.001)	-0.003* (0.002)
Chg. in profitability: UR firms				-0.127*** (0.046)		-0.127*** (0.044)	
UR leadership share			-0.109*** (0.036)	-0.114*** (0.033)	-0.108*** (0.035)	-0.114*** (0.033)	-0.113 (0.075)
Chief executive from ethnic minority			0.022*** (0.004)	0.035** (0.017)	0.024*** (0.005)	0.036** (0.017)	
Personalized appts. (%)							0.067** (0.033)
Democracy score	0.0003 (0.001)	0.0004 (0.001)	0.002* (0.001)	0.001** (0.001)	0.002* (0.001)	0.001* (0.001)	0.001 (0.001)
Change in governor type	0.026*** (0.008)	0.023*** (0.007)	0.022*** (0.006)	0.025*** (0.006)	0.022*** (0.006)	0.024*** (0.006)	0.024** (0.010)
Repeat election year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4,181	4,181	3,883	3,659	3,883	3,659	2,854

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. This table examines both individual- and region-level covariates. The reference category for the three firm director variables is all non-businessperson candidates. All models use OLS with repeat election year fixed effects and cluster standard errors on region and year.

We also find that the importance of occupational autonomy extends to other types of employment. Government employees are far less likely to defect than private businesspeople (the reference category in column 4, Table 1). Defecting from the party could put a candidate's employment at risk. Likewise, candidates that were formally employed in the ruling party prior to the first election of the sequence are more likely to remain loyal. Finally, results on some of the individual-level control variables are also noteworthy, but we discuss them in Appendix Section C.

In Table 2, we add region-level predictors to test Hypotheses 1–4.³⁰ The results indicate support for our

³⁰ We do not employ region fixed effects in these specifications because many of our region-level predictors are slow-moving, if not static, over the period. In the appendix, we present models with region and year random effects.

hypotheses about votes and spoil access. We begin with a simple model that includes only individual level characteristics and several regional covariates, before varying the inclusion of predictors moving left to right. First, in column 1, we see evidence that defections are more likely when UR's vote share in the region is lower. The higher the ruling party's vote share, the lower the chance of defections. But this effect falls short of statistical significance once we include economic growth in the model (starting in column 2). This makes sense given that the two variables are correlated and both are proxies for electoral benefits. Higher growth in the year prior to the second election in the sequence significantly and consistently decreases the likelihood of a defection.

We also find support for our hypotheses about spoil access (Hypotheses 2 and 3). The negative coefficient on *Chg. In Profitability: UR Firms* indicates that defections

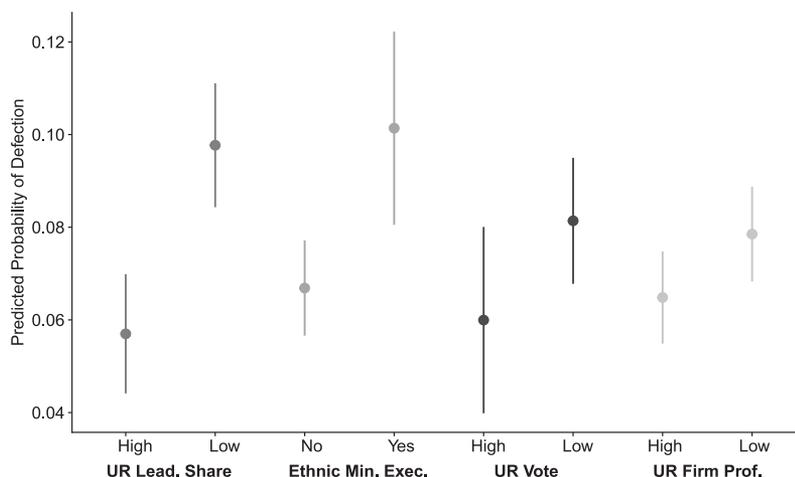
FIGURE 3. Regional-Level Substantive Effects

Figure presents the predicted probability of defection based on different values of the predictors shown in bold. The model used to generate the probabilities comes from column 4, Table 2. A High level for the UR Leadership Share variable indicates that no positions were shared with the opposition (90th percentile), while the Low level indicates that 64% of positions were given to UR deputies (10th percentile). The Ethnic Minority Executive categories take a yes/no, while the low and high categories for UR vote share and UR firm profitability are set at the 10th and 90th percentiles. All other predictors are held at their means.

are less likely when firms connected to UR deputies are overperforming. In settings where UR deputies are able to secure significant benefits for their firms, candidates are less likely to defect. Defections then become more frequent when fewer rents are available to UR members.

The choice of spoil distribution strategy also figures prominently in the decision about whether to defect. We find that in regions where key leadership posts are shared with opposition parties, United Russia candidates are more likely to defect (Hypothesis 3). When the regime takes spoils away from its own affiliates and gives them to the opposition, UR members understand their chances of receiving spoils through the ruling party have decreased, while the possibility of receiving spoils as members of the opposition have increased. The effect of this variable is quite large. As Figure 3 shows, the probability of a candidate defecting is 5.7% when United Russia keeps all leadership positions for itself. When United Russia shares 35% of leadership positions with the opposition, the predicted probability of defection jumps by three-fourths to nearly 10%.³¹

One might object that this correlation is spurious because the opposition's share of leadership positions is just a proxy for its political strength, and a strengthening opposition should lead to more defections. There are several reasons to be skeptical of this interpretation. First, there is no mechanical relationship between the opposition's share of leadership positions and their vote share. UR controls majorities

in all regions and decides whether/when to distribute leadership posts to the opposition. Second, regime change is not possible in the subnational context we study. So a strengthening opposition should only make defections more likely because it signals the electoral softening of the regime. And yet, we include a control for UR's regional vote share in all models. This estimate is also robust to including a measure of economic growth, another proxy for the opposition's latent popularity. Finally, in Appendix Table D.3, we show these results are robust to controlling for the number of protests staged by the opposition—in particular the Communist Party and non-system opposition groups—which is a non-electoral measure of the opposition's level of regional mobilization. In sum, we feel reasonably confident that the partial effect of *UR Leadership Share* is tapping spoil distribution and not the underlying strength of the opposition.

More personalist regimes, first defined as ethnic republics with a president from the ethnic minority, see greater rates of defections from the ruling party. The lack of institutional constraints on leaders in these regions exacerbates commitment problems and makes the promise of future spoil-sharing more uncertain. The other measure of personalism we employ, the percentage of bureaucratic posts given to loyalists of the chief executive, is positively signed and statistically significant. We include this variable in a separate model (Model 7) because its limited availability results in substantial loss of data. Robustness checks testing other dimensions of personalism return similar results and can be found in Appendix Section F.1.

Above, we treat defection as a binary choice: Stay with UR or leave and run with another affiliation. But defecting candidates actually face multiple choices:

³¹ The variable is statistically significant in all models except Model 7, where the standard error increases significantly due to decreased sample size caused by missing data on the expert-coded personalism measure.

They may choose to run as an independent or they may choose to join the opposition. In Appendix Table H.1, we estimate a multinomial logit model, in which the categorical outcome is equal to 0 for non-defections, 1 for defections to the opposition, and 2 for defections to run as an independent. The results are mostly consistent across the two types of defections, but some differences are worth highlighting. For one, *UR Leadership Share* does a much better job predicting defections to the opposition than it does predicting defections to run as an independent. When the regime shares more spoils with the opposition, cadres calculate that they can do better by defecting to those parties. Independents are less able to demand these spoils because they are not affiliated with social groupings that can credibly threaten unrest. It is also noteworthy that firm directors are more likely to become independents. Such candidates can draw on their economic resources to maintain autonomy, even from opposition parties.

CONCLUSION

This paper was motivated by a central question: When do elite coalitions organized under the aegis of a dominant party breakdown? And while we cannot analyze an (unobserved) instance of regime breakdown in Russia, we believe our findings shed light on this question. Like seismologists who study not just earthquakes but also the vibrations that constantly reverberate through the Earth's crust, we study the strains and disruptions that occur beneath the surface in Russia's ruling party. And just as seismologists cannot predict the exact location of an earthquake, we cannot predict the exact date of regime breakdown in Russia or any other autocracy. Seismologists do, however, predict seismic hazard and can tell us where and when earthquakes are more likely to occur. Ours is a similar task. By studying trends and tendencies at the regional level in Russia, we hope to gain insight into the conditions that make autocratic elite coalitions more likely to collapse.

We developed a simple cost-benefit framework to explain electoral defections in Russia's regions. Defections were more likely when opportunities for accessing spoils and securing votes were jeopardized in some way. For instance, we found that defections increase when opportunities for rent-seeking diminished, particularly when United Russia shared more spoils with the opposition in order to co-opt them. But it is not just the raw amount of spoils that matters. Defections were more likely to occur in more personalist regions where the lack of institutional constraints on leaders increases uncertainty about how those spoils will be distributed in the future. Finally, the individual characteristics of candidates matter. More interestingly, those candidates with political resources of their own, such as personal followings and business assets, were more likely to defect.

Our findings suggest several amendments to the current literature on authoritarianism. For one, more

attention should be paid to the tradeoffs between various authoritarian survival strategies. The tradeoff between personal control and elite dissension is well-understood, but others are less appreciated. The literature almost unanimously argues that rational autocrats should co-opt the opposition and take measures to keep elites loyal. But spoils are not infinite, and by co-opting the opposition, the regime risks depriving insiders of spoils and leaving them disgruntled. A rising opposition leads not just to external pressure on the regime, but also to the collapse of elite coalitions from within. Conversely, leaders may not be able to satisfy all regime insiders without limiting the spoils available to co-opt the opposition. Thus, maintaining strong regime institutions can actually undermine the ability of the regime to fend off threats from the opposition. We have exposed this tension in this paper, but we have not provided a solution to it. Future research might profit in this area.

A similar tradeoff confronts the regime in the area of elite recruitment. As Egorov and Sonin (2011) and Zakharov (2016) have argued, dictators face competing appointment incentives. Competent viziers are desired for their ability to help govern, but they are also more likely than loyal cronies to betray the dictator. We have identified a similar tradeoff in electoral politics. The regime would like to draw on the resources of strong elites to help them win elections, but resourceful elites are the most likely to abandon the regime when the chips are down. The exit of prominent elites may signal regime weakness and trigger a wider cascade. Regimes may be better off undermining and/or expropriating powerful elites within society, lest they betray the coalition later.

These findings also have implications for Russian politics. While we have documented that regional defections have real costs in Russia, the regime has not witnessed the type of large scale defections seen in some other autocracies and there have been few defections at the national level. Our analysis of regional defections points to some of the reasons why elite cohesion is higher in Russia than it has been in many other autocracies. For example, Putin's consistently high popularity ratings give UR candidates an electoral advantage, and hydrocarbon revenues ensure that the regime has ample spoils to share. Russia also has a comparatively large public sector and even much of the private business elite is rooted in asset-immobile sectors that are dependent on the state. Institutional reforms—such as the switch to an all PR electoral formula for the 2007 and 2011 State Duma elections and the cancellation of direct gubernatorial elections between 2005 and 2012—undermined the independent power bases of regional elites. And finally, the regime has been careful about sharing too many spoils with the opposition at the national level. In contrast to many other autocracies, especially in Africa, the regime has not destabilized its own coalition by giving high-profile cabinet positions to the opposition. Our analysis suggests that a significant change in one or more of these factors could spur defections at the national level as well.

SUPPLEMENTARY MATERIAL

To view supplementary material for this article, please visit <https://doi.org/10.1017/S0003055419000030>.

Replication materials can be found on Dataverse at: <https://doi.org/10.7910/DVN/B1HHGV>.

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Private Sector Policy Making: Business Background and Politicians' Behavior in Office

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Candidates often tout their private sector experience when running for public office. But do businessperson politicians actually govern differently? This paper argues that given their preferences and managerial expertise, businesspeople in office adopt policies favorable to the business community and improve government efficiency. To test these claims, I collect data on over 33,000 Russian mayors and legislators and investigate policy outcomes using detailed municipal budgets and over a million procurement contracts. Using a regression discontinuity design, I find that businessperson politicians increase expenditures on roads and transport, while leaving health and education spending untouched. Prioritizing economic over social infrastructure brings immediate benefits to firms, while holding back long-term accumulation of human capital. Businesspeople also do not reduce budget deficits, but rather adopt less competitive methods for selecting contractors, particularly in corruption-ripe construction. In all, businessperson politicians do more to make government run for business, rather than like a business.

The personal traits politicians bring with them into office can translate into dramatically different political preferences and behavior. Politicians' background not only shapes the importance they place on certain issues (Carnes 2013; Fenno 1973) but also the degree to which they represent the views of their constituents (Burden 2007). In recent years, a growing literature has identified characteristics such as education (Besley, Montalvo, and Reynal-Querol 2011), race (Hopkins and McCabe 2012), gender (Chattopadhyay and Duflo 2004), and social class (Carnes 2012) as all exerting significant influence on the types of policies leaders pursue while in government.

One particular trait is a previous career in the private sector. Businesspeople regularly contest and win elected office around the world, oftentimes touting their entrepreneurial past as evidence of future policy-making ability. This paper draws on existing theoretical work on the importance of politicians' background to develop testable hypotheses about how and why businessperson politicians behave differently in public office. First, these leaders may possess

superior knowledge of and interest in solving issues important to the wider business community. Motivated by this set of preferences, politicians coming from the private sector may push for probusiness policies, particularly those that improve the business environment and promote economic growth. But drawing on their experience managing enterprises, businesspeople may also be uniquely positioned to improve the way government works. We might expect them to use their private sector know-how to increase the quality and lower the cost of public service delivery, for example, by eliminating wasteful spending. The question then arises: do businesspeople shape government to run for business (i.e., by adopting probusiness policies) or like a business (i.e., by increasing government efficiency)?

Answering this question has significant consequences for how we should evaluate the priorities and quality of politicians. Individual leaders have been shown to produce dramatic effects on policy making and economic outcomes (Jones and Olken 2005). Some of these consequences may be less desirable for the average voter. For example, a probusiness

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Data and supporting materials necessary to reproduce the numerical results in the article are available in the *JOP* Dataverse (<https://dataverse.harvard.edu/dataverse/jop>). An online appendix with supplementary material is available at <https://doi.org/10.1086/709297>.

policy agenda could open up opportunities for politicians to directly help connected firms, creating even further distance from the preferences of the voters who elected them. Voters may not even be aware of the degree to which policies are being skewed to help the business community, particularly if this type of politician engages in hard-to-detect corruption.

This paper brings to bear several new data sources to investigate whether businessperson politicians in Russia make different types of policy decisions. Russia is an ideal case to study the behavior of businesspeople in elected office. First, businessperson politicians can be identified using nationwide firm registries and requirements that all candidates report previous occupations. This allows for individual-level comparisons of politicians from business and nonbusiness backgrounds. Next, the Russian government practices notable transparency in making public subnational data on budgeting and procurement.¹ Scholars can both zero in on specific policy initiatives and compare officials across different positions in the legislative and executive branches. Finally, subnational politicians in Russia wield significant autonomy to determine how state coffers are allocated.

My two-part research design first employs a regression discontinuity design (RDD) to compare municipalities where businessperson mayoral candidates barely won office to those where they barely lost. To measure occupational background, I code whether each of 68,169 candidates from 2007 to 2016 worked in the private sector prior to campaigning in 19,886 mayoral elections. Outcomes data come from 25,240 municipal budgets and over 1 million procurement contracts. Finally to test different institutional arrangements, I show analysis using data on 14,508 Russian regional legislators together with budget data.

The analyses reveal that businessperson politicians in Russia adopt primarily probusiness policies while serving in government. I find that at both the municipal and regional levels, businessperson politicians increase expenditures on economic infrastructure, dedicating additional money to building and maintaining roads, railroads, and ports. Spending on health care and education does not change under businessperson mayors, nor does the size of government decrease. Moreover, at the regional level more businesspeople in office is

associated with lower levels of corporate tax revenue. Prioritizing economic over social infrastructure brings immediate benefits to firms and opens up opportunities for rent seeking, while holding back long-term accumulation of human capital. These results are robust to controlling for financial dependence between governments and party affiliation, with extensions showing that institutional arrangements play little role in preventing businesspeople from imposing their preferences on policy making.

Next, businesspeople in elected office do little to improve government efficiency. The RDD results indicate that municipalities run by businesspeople do not run smaller deficits. At the regional level, legislators with more businessperson deputies run larger deficits and incur higher levels of debt. Using detailed data on state procurement, I find that municipalities run by businesspeople are less likely to adopt the most transparent, competitive mechanisms for choosing contractors: open auctions. This is particularly true for procurement in the construction sector, where opportunities for corruption are most favorable. Politicians coming from the private sector refashion government to work for the business community, which may come at the expense of more lasting economic growth and improved government performance.

This paper contributes to our understanding of the effects of politicians' background on their behavior in office. Past studies have uncovered correlations between experience in the private sector and politician conduct. At the individual level, politicians with business backgrounds vote more often for probusiness interests (Witko and Friedman 2008) and undertake market-liberalizing economic reforms (Dreher et al. 2009). In the urban studies literature, coalitions of businesspeople working within government have been able to push through development projects (Hunter 2017; Logan and Molotch 1987). More recent work has shown that both corporate tax rates and spending on social welfare programs fall when more politicians with business backgrounds take office (Carnes 2013, 2018).

This paper goes one step further by taking causal identification seriously. Voters do not elect politicians at random, nor is the distribution of education and profession across candidates idiosyncratic, as some scholars have suggested (Dreher et al. 2009). Recent work has shown that politicians with private sector experience are more likely to win office during times of economic crisis (Neumeier 2016). By using an RDD based on close elections, this paper joins work such as Kirkland (2018) on US mayors to examine the causal effect of professional background on the policy choices made by politicians.

Beyond its attention to causal identification, this paper also advances the literature in several other respects. First,

1. According to the International Budget Partnership's 2012 Open Budget Index, Russia ranked tenth out of 100 countries worldwide based on the degree of its fiscal disclosure and budget oversight. The International Monetary Fund gave Russia high marks for the "degree of uniformity, frequency, and timeliness" in its reporting standards across municipal, regional, and federal government units (Hughes 2014). External financial and compliance audits are conducted annually for thousands of municipalities by the Accounts Chamber, a system the OECD describes as modern and comprehensive (Kraan et al. 2008).

I develop and test new hypotheses about whether businesspeople apply their management skills in public office, drawing on new procurement data to test these arguments. Furthermore, my data set includes a large number of cities, not limited by population size. This allows me to control for potential shocks to outcomes across geography and time using region and year effects and hold national institutions constant. Finally, I extend the analysis of politicians' background to the Russian case, illustrating that previous occupations influence politician behavior outside of developed democracies. In the conclusion, I draw out the broader implications for representation and address the policy implications of businesspeople pushing their own interests while in office.

THEORETICAL EXPECTATIONS

Where politicians worked prior to entering government can have profound effects on their decision making and priorities. Individuals are often politically socialized in the workplace, developing shared perspectives and even policy preferences within their profession (Peterson 1992). Politicians bring with them into office not only these attitudes but also management skills, financial connections, and allegiances to employers. Empirical work has done much to link officials' careers in the private sector with their behavior in office. Adolph (2013) shows that the previous career trajectory of central bankers helps explain variation in their conservatism. Relatedly, legislators with a background in insurance push for laws more favorable to their former industry (Hansen, Carnes, and Gray 2019).

This section argues that as a discrete professional category, businesspeople may behave differently from politicians with different career paths. Drawing on literatures from urban studies and management together with public opinion data, I argue that businesspeople possess both distinct political preferences and management skills that could influence their political priorities. The aim is to generate a set of testable hypotheses about the observable policy areas where businesspeople might diverge from other types of politicians in elected office.

Adopting probusiness policies

First, businesspeople may have different preferences for government action and care about solving different problems facing society. Economic policy figures to be at the top of the list. The Life in Transition Survey (LiTS) of over 50,000 citizens across 34 countries shows that the political preferences of businesspeople generally conform to those held by the rest of the population, except with regard to

economic issues (shown in appendix sec. F.1; appendix is available online). Businesspeople express qualitatively different views on redistribution, state intervention in the economy, and what spending items government should prioritize (discussed more below). Carnes (2018) similarly shows that US legislators who own businesses have more conservative opinions on a range of economic issues, such as the need to reduce inequality or fund social programs.

Although there are many other plausible hypotheses about other issues where businesspeople might hold different preferences, differences over economic policies provide a good starting point for theorizing about what businesspeople might do in elected office. Given their firsthand experience bringing goods and services to market, businesspeople may view their time in government as an opportunity to develop an economic environment more hospitable for entrepreneurship and with a smaller, more effective government footprint. They also may understand which specific government actions are required to attract investment, create employment, and spur consumption. Concerns over these policy issues can drive them to enter politics in the first place (Li, Meng, and Zhang 2006).

The notion that politicians with personal links to the private sector will prioritize progrowth policies draws heavily on work on urban politics in the United States. Capitalizing on shared policy interests, businesspeople have united around reshaping government to create "growth machines" (Hunter 2017; Logan and Molotch 1987). By devoting their slack resources to politics, they joined municipal governing coalitions and implemented a number of progrowth policies and development plans (Stone 1989). Politicians coming from the private sector may try to promote economic growth by easing the costs of and obstacles to doing business. In other words, they try to make government work for business.

Which specific progrowth policies might these politicians adopt? Clearly many are at their disposal. On balance, we should expect that as a professional class, businesspeople will most influence policies that will have an immediate and generalizable positive impact on the larger business community. That is, we should see them devote greater attention to policies that provide the median firm with the greatest short-term benefits, while imposing the lowest costs. Not all progrowth policies qualify. Whereas upgrading human capital can increase employment, earnings, and technological innovation, such changes require years of investment and often impose substantial financial costs. Other issues are divisive. For example, businesspeople may split on free trade depending on the international competitiveness of their firms or industry. The type of regulatory policy an elected official advocates may

be contingent on whether they want to promote competition or protect market incumbents.

But there are other areas where the preferences of businesspeople appear to coalesce more strongly. First, given firms' concern over access to key inputs, suppliers and markets, increasing government spending on economic infrastructure, such as roads, railroads, and utilities, becomes very attractive. Infrastructure spending drives up overall demand, reduces transportation and other costs, and creates lucrative opportunities for companies to sell directly to the state. Survey evidence suggests that businesspeople express consistent support for this type of intervention. The LiTS survey (discussed above and in appendix sec. F.1 in more detail) asked respondents to choose among seven issue areas where extra government spending should be prioritized. Businesspeople were much more likely to rank infrastructure as their top issue, whereas health care and pensions ranked at the bottom. Per surveys of almost 300,000 respondents over the last decade, Russian businesspeople feel just as strongly about prioritizing economic infrastructure over other issues (see appendix sec. F.2).

Parsing out exactly why businesspeople hold such different preferences is necessarily more complicated: individuals with strong preferences may select into management roles or entrepreneurship, or their time in the private sector may independently shape their worldview. Answering this question requires fine-grained panel data and a sharp identification strategy. But importantly for this paper, the distinct preferences of businesspeople observed in the survey analysis come through controlling for individual wealth. Experience in the private sector seems to have distinct effect on one's views of government priorities. As an occupational class, businesspeople are considerably more concerned about upgrading infrastructure than the average citizen, who prioritizes investments in health care and education.

H1. Businessperson politicians will prioritize spending on economic infrastructure.

Spending choices can impact growth. Cross-national work suggests that shifting spending from economic to social infrastructure can place an economy on a stronger and more equitable footing and increase growth rates (Acosta and Morozumi 2017). In addition, rent seeking tends to accompany spending on infrastructure projects, especially in places with weak institutions that fail to hold politicians accountable (Robinson and Torvik 2005). Many politicians may be driven by personal self-interest and run for office precisely to take advantage of these opportunities. In Russia, businesspeople

often use elected office to increase their own firms' revenue and profitability (Szakonyi 2018).

Next, experience in the business world may predispose politicians to reduce the size of government and lower their own tax burden. This motivation could stem from an ideological opposition among businesspeople toward excessive government intervention. Cutting taxes and red tape facilitate market entry, production and entrepreneurship, to the possible detriment of government finances and even consumer safety.

Preferences for a smaller government footprint appear to be shared by businesspeople worldwide. Judging from World Bank BEEPS Surveys (2002, 2005, and 2009) of nearly 20,000 firms across 26 transitioning countries, managers rank tax rates as their biggest obstacle to doing business. Cohesive business groups have successfully blocked government attempts to raise revenue in a variety of contexts (Fairfield 2010). The situation is similar in Russia. In recent surveys of Russians, businesspeople are much more likely to support a reduction in the size of the state and lessened burdens placed on private firms. Again controlling for income, entrepreneurs consistently advocated privatizing assets, cutting taxes, and drawing down government programs.²

H2. Businesspeople in office will reduce government spending and cut corporate taxes.

Improving government efficiency

Second, experience in the private sector may endow businesspeople with management skills that set them apart from other types of politicians. Directors in the corporate world have to oversee diverse teams, organize information flows, manage budgets and physical resources, and delegate responsibilities, all with aim of maximizing efficiency, productivity, and profitability. Scholars have even argued that the key social skills required to succeed in business—persuasion, negotiation, and manipulation—may find relevant applications in political life (Ferris et al. 2007). Such organizational abilities and insights distinguish businesspeople from politicians coming from professions where management duties play a secondary role to applying one's specialized expertise, such as medicine, engineering, or law. Businesspeople may be more effective managers and, therefore, better able to improve how government works.

We might then expect businesspeople to make government run like a business. They may take steps to increase

2. Levada Center surveys of 1,600 respondents from July 2007 and September 2016.

efficiency in bureaucratic service delivery, particularly by cutting down on wasteful spending. Work on public administration argues that there are instructive lessons to be transferred from the private to the public sector (Box 1999). Running a successful business, generally speaking, requires delivering high-quality customer service and achieving profitability. By importing know-how from their private sector careers, businesspeople may be uniquely capable of cleaning up bureaucracy and increasing public sector productivity.

That commitment to improving government performance may extend to rooting out corruption. Companies often bear the brunt of extortionate bureaucrats. As directors take office, their priority may lie in combatting different types of rent seeking that plague the business environment. In Italy and Brazil, some of the loudest voices for anticorruption measures have come directly from the business community (Mantovani 2014; UN Global Compact 2006). But firms' interest in rooting out corruption can vary, and some businesspeople may view government service as an opportunity to help themselves at the public's expense (Dixit 2018). There is a risk that businesspeople put their management prowess to work in making government work solely for their own firms, including engaging in corruption to do so.

How would we know if businesspeople are genuinely committed to improving government performance? For example, running a business more efficiently can mean many things, from reallocating resources to high-performing units to maximizing supply chain efficiency. In the corporate world, calculating firm-level productivity is somewhat straightforward: both inputs (i.e., capital, labor, and materials) and outputs (i.e., sales, profits) are mostly observable (Syverson 2011). On the other hand, measuring public sector productivity runs into several methodological challenges, particularly concerning the quality of outputs and usage of collective goods.

I argue there are several observable implications of businesspeople acting to increase government efficiency. First, politicians coming from the private sector may impose budget constraints and put government finances in order. Excessive government spending can be a symptom of bad political management and fragmented policy leadership (Alesina and Perotti 1995). Since running a deficit is akin to a company making a loss, we might expect businesspeople to institute an ethos of fiscal responsibility. Although taking on reasonable debt loads may help finance investment, businesses generally are more sensitive to the demands of their shareholders who require profits to sustain interest in their firms.

H3. Businessperson politicians will run smaller budget deficits.

Another approach on the rise in economics uses administrative data on public procurement to capture how well governments achieve value for money spent (Lau, Lonti, and Schultz 2017). Public procurement accounts for 13% of domestic GDP worldwide, and bureaucrats often have incredible discretion in deciding how contracts are allocated. Properly designing procurement systems can dramatically limit waste and improve the quality of deliverables. For example, introducing electronic procurement in India and Indonesia led to better road quality and fewer delays (Lewis-Faupel et al. 2016). By prioritizing best practices and closely monitoring spending, businesspeople politicians can reduce the price that the government pays to deliver key goods and services.

H4. Businessperson politicians will push for more efficient public procurement.

This drive toward efficiency has featured prominently in the campaigns of businessperson politicians in Russia. In his 2018 mayoral race, Nizhny Novgorod businessman Roman Koshelov declared the need to “optimize the work of municipal institutions, and reduce budget expenditures without sacrificing quality” (Zercalo 2018). Businessman and governor Oleg Chirkunov declared his Perm Regional Administration a “corporation”; in office, he advocated firing workers who “regularly took tea breaks several times a day” (Kravsova 2005). But beyond these promises, we know little about whether these businessmen followed through and improved government performance.

DATA AND RESEARCH DESIGN

I first investigate the effect of politicians' private sector background on policy making using municipal data on Russia from 2007 to 2016. As a federal state, Russia is divided into approximately 23,000 municipalities. Municipal governments provide for preschool, primary, and secondary education, health care, public transportation, utilities, and road construction (De Silva et al. 2009). Municipal spending accounts for roughly 6% of Russian GDP (see table B1 for a detailed breakdown; tables A1–A3, B1, C1, D1–D3, E1–E9, F1–F5 are available online). Revenue comes from land and property taxes, tax-sharing agreements with higher-level units, and intergovernmental transfers. Municipalities fall into four types: municipal *rayons* and city *okrugs* (upper tier) and rural and urban settlements (lower tier). Rural settlements, encompassing villages and agricultural areas, make up the majority of municipalities, and have considerably fewer residents and less revenue. Table 1 gives summary statistics.

Table 1. Municipality Summary Statistics

	City <i>Okrug</i>	Municipal <i>Rayon</i>	Urban Settlement	Rural Settlement
<i>N</i>	491	1,815	1,649	18,409
Total expenditures (mil. rub.)	3,503.5	835.5	167.2	22.6
Total revenue (mil. rub.)	3,396.2	831.8	167.1	22.4
Dependence on subsidies (%)	56.6	74.8	50.1	64.8
Population (ths.)	143.1	30.4	14.3	1.7
Territory (ths. hectares)	133.2	940	74.1	47
Mayoral procurement (mil. rub.)	431.3	73.7	46.6	5.2
Mayoral construction procurement (mil. rub.)	179.6	30.9	22	2.9
No. candidates per election	4.5	3.8	4	3.3
Won by ruling party candidate (%)	60.6	56.2	62.4	70.6

Note. This table presents summary statistics at the municipality level. Budget and procurement data are taken from 2015 and averaged across all units in the category. Election data are averaged over the entire analysis period. One ruble equals approximately \$0.03; mil. rub. = million rubles; ths. = thousands.

Fiscal decision making is concentrated in the hands of the mayor (*glava*). Reforms have limited the size of the mainly unpaid legislative council and endowed mayors with strong veto powers (Ross 2007). The mayoral administration prepares economic prognoses and drafts the budget for the local council to approve. The administration also implements the budget activities, which gives it disproportionate ability to influence the size and composition of spending as well as effectively sidelines the legislative branch.

Mayors in Russia can be either elected through a popular vote (council-mayor model) or appointed by council deputies (council-manager model). Unfortunately, Russian authorities (through the Central Election Commission, or CEC) make information available only on elected mayors. No systematic data are available on even the names of the managers appointed by the council deputies, much less their professional background. Therefore the analysis is limited to municipalities for which mayoral elections are held, with data coming from the CEC.³ Whether a municipality uses an election or an appointment system depends on its region; to account for this selection, I include region fixed effects.⁴

3. In a small number of “dual” cases, a municipality could have both a popularly elected “head of municipality” and an appointed “head of administration,” or city manager. The mayor has few powers, while the manager runs the government. Information on the distribution of responsibilities is not made available, and I cannot determine which municipalities fall into this category. I include all municipalities where a mayoral election was held, recognizing that the inclusion of these dual arrangement cases should bias the estimates downward since elected mayors have less policy influence.

4. Table D3 shows that the type of municipality, size, and dependence on subsidies do not predict whether elections are used, but including region fixed effects explains over 65% of the variation.

I first collected information on 19,886 municipal plurality elections in 13,308 municipalities, or 58% of the total across Russia. Mayoral elections attract interest from an average of 3.4 candidates; 18% of elections are decided by 10% of the vote share or less. Municipal elections in Russia are not only competitive but can lead to unpredictable outcomes. With an average of 4,000 ballots cast per election, a small number of votes can tip the scales.⁵ Although candidates from the ruling United Russia party won two-thirds of mayorships, political independents and members of systemic opposition parties, such as the Communists, often defeat regime-connected candidates and wield power at the local level.

Measuring private sector experience

To identify experience in the private sector, I collected data on each mayoral candidate’s primary, full-time occupation from their registration form. I then coded a binary indicator for whether a candidate worked as a firm director, deputy director, a member of a board of directors, or other position of leadership at the time of their campaign. Although this catches most businesspeople, it misses some who might not want to draw attention to their past career. To account for this, I match each candidate based on their full name and region to a database of almost 12 million “individual entrepreneurs” aggregated by the Professional Market and Company Analysis System (SPARK). Candidates registered there prior to their election were also coded as businesspeople.⁶

5. Average turnout was just under 60%, a relatively high figure for Russia.

6. For several reasons, I cannot identify the specific firms that businessperson mayoral candidates run. Only vague names for companies are given in the registration forms. SPARK’s updated registry design also prevents bulk matches of candidates to companies, and individual entrepreneurs file very

Table 2. Candidate Summary Statistics

	All Candidates	Businesspeople	Nonbusinesspeople
1. Total no.	68,169	10,904	57,265
2. Mean age	46.3	44.8	46.6
3. Female (%)	26.7	16.3	28.7
4. Education level	5.5	5.6	5.5
5. Political independents (%)	59.7	63.7	59.0
6. Ruling party member (%)	25.8	12.9	28.2
7. Elections won (%)	29.2	17.0	31.5

Note. This table presents summary statistics on candidates running for mayoral election. The middle column subsets to only businessperson candidates, while the right column looks at those without a private sector background.

Appendix section A outlines in more detail how this coding was done.

Roughly 35% of elections (7,058) saw at least one businessperson run, with approximately one-sixth seeing candidacies from two or more. For elections with multiple businesspeople, I dropped the municipality completely to ensure a clean comparison between the municipalities where businesspeople won and lost. Businesspeople won 22.5% of the elections they contested; overall, 8% of mayors during the period came directly from the private sector.⁷ This number accords with studies from other countries: Neumeier (2016) finds that 10.7% of US governors previously served as CEOs, while Dreher et al. (2009) finds that 2% of national leaders had entrepreneurial experience.

Table 2 compares candidates with private sector experience to those without across a number of other demographic characteristics. Businessperson candidates are somewhat younger than the rest of the candidate pool and less likely to be female; gender imbalances across occupations in general are large in Russia, with women more often finding employment in the public sector. On the other hand, businesspeople have just as much formal education as those coming from other occupations, based on a six-point scale of highest level of education that ranges from one (primary school education) to six (postgraduate education).

Businesspeople affiliate less often with the ruling party, United Russia (UR). Part of this effect may be mechanical: United Russia often imposes quotas on the number of businesspeople allowed to affiliate in order to maintain a veneer

of descriptive representation. More importantly for this study, gaining access to the ballot, rather than ideological affinity, shapes candidates' decisions about party affiliation. Parties mainly help candidates gather signatures and navigate registration. Municipal elections in Russia also see little programmatic competition between parties. While the ruling party United Russia controlled 68% of municipalities during the period, nonpartisan independents controlled nearly all of the rest (28%). Independents represent views from across the spectrum and are often those for whom no room was left under the ruling party umbrella. Opposition parties, such as the left-leaning Communists or the right-leaning Just Russia, have little to no established presence at the local level.

I take several steps to account for the potential role of partisanship. First, in the Research Design section, I show that businessperson candidates from UR are not more likely to win close elections; party affiliation does not confer electoral advantages to this group of candidates. Second, table E6 shows that the policy decisions of businessperson mayors do not vary based on membership in the ruling party. Finally, I include an indicator for party membership in RDD specifications as an additional control for possible ideological affinity among partisans.

Outcome data

To test whether businesspeople implement “probusiness” policies, I collect data on municipal budgets from the Russian State Statistics Agency. I measure spending on economic infrastructure through expenditures on the “national economy”; at this level, this money goes to public transport and railroads, roads, water transport, and telecommunications.⁸ For social infrastructure, I collect data on education

little information with state authorities. Other work has shown that businesspeople in Russia remain connected to their firms while in elected office, in turn earning greater revenue and profits by accessing state contracts (Szakonyi 2018). This paper focuses instead on the effect of general private sector experience on policy decisions.

7. Appendix sec. D.1 finds that there are more businessperson candidacies in larger and urban municipalities.

8. This category is officially divided into four subcategories. Public transport covers the development and maintenance of bus and light rail systems in the municipality. Roads covers the expansion and maintenance of road

and health care spending. Each of these budget subcategory outcomes is measured as a fraction of the total expenditures for that year and takes values between 0 and 1. I test the second hypothesis using a logged measure of total expenditures for each municipality. Unfortunately, municipal authorities have little authority to set tax rates or influence tax collection; in the next section I show analysis using regional data on corporate tax revenue. Municipalities vary considerably as to the money they spend overall and on different types of infrastructure (see appendix sec. B1).

To test whether businessperson politicians improve government efficiency, I look at two sets of outcomes. First, I calculate each municipality's budget deficit by dividing total expenditures by total revenue. In an effort to restrain government spending, Russian law punishes municipal governments that run high deficits by suspending intergovernmental grants. Even with these measures in place, 16% of municipalities ran a deficit of more than 5% of their total revenue, while over 40% ran surpluses of the same amount. Fiscal responsibility varies across municipalities.

The next measure looks at how municipalities select contractors within public procurement. International organizations and scholars argue that holding open, competitive auctions helps enforce transparency, reduce opportunities for corruption, and limit budget expenditures (Beth 2007). Research on Czech Republic and Italy has shown that the alternate approach—giving bureaucrats discretion to negotiate with suppliers on factors other than price—leads to worse outcomes (Balrunaite et al. 2018; Palguta and Pertold 2017). When bureaucrats can avoid using open, competitive auctions in favor of negotiated approaches, fewer bidders participate, more contracts are awarded to politically connected and anonymous firms, and higher prices are paid for the same goods and services. Work on Russia has uncovered similar findings: governments that use open auctions pay lower prices for the same goods and see less collusion among bidders (Yakovlev et al. 2016).

For all purchases, Russian bureaucrats have a choice about whether to use a competitive, "electronic auction" rather than an open tender. Auctions are held online in real time and are used to procure roughly 50% of all government contracts. Favoritism is harder to carry out since supplier registration procedures are more transparent, bids are submitted anonymously, and contracts are awarded solely based on the lowest

bid. On the other hand, many mayors prefer negotiated tenders, since they offer greater scope for accepting bribes to ensure certain contractors or blackmailing winners (Filippovskii 2018; Zaitseva 2014). Russian mayors appoint the bureaucrats who decide which mechanisms will be used to select suppliers as well as oversee the bidding over and implementation of the contract. Mayors bent on corrupting the process would avoid electronic auctions wherever possible so that their preferred suppliers could be selected more easily.

To detect whether mayoral administrations are more likely to use auctions, I collected public procurement data from the Russian procurement portal, which provides information about all government purchases from 2011 onward. Using the tax identification codes for 20,581 mayoral administrations, I then built a data set of all 1,427,288 contracts signed from 2011 to 2016 by these local executive branches, totaling \$124 billion in procurement. This covers 92% of the total number, with some administrations missing due to problems identifying their location in the portal's database. I code a binary indicator for whether an electronic auction was used for each contract and then calculate the percentage of all contracts that used auctions for each mayoral term. This outcome, "Competitive Procurement," takes values from 0 to 1. Mayoral administrations that use electronic auctions are maximizing competition between bidders and procedural transparency, while paying the lowest prices for goods or services.

I also coded contracts by their official two-digit product code, and calculated the percentage of contracts within the top five categories procured by mayoral administrations: construction, cars, furniture, office supplies, and food. Collectively these five categories account for 75% of all procurement; other expenditures get routed through schools, hospitals, and other agencies where the mayor has weaker oversight over procurement practices. Below I show results specifically on construction procurement, where extra investment in economic infrastructure would be directed. The construction sector is generally viewed as among the most ripe for corruption not just in Russia, but also cross-nationally (Kyriacou, Muinelos, and Roca 2015). Table E2 shows results for the other four categories.

One final concern with studying Russian budget and procurement data relates to the level of centralization within Russia's federal structure. The Russian government during the Putin era has concentrated fiscal power within the federal center, relying on elaborate formulas to allocate transfers to lower governments. Municipal governments are particularly dependent on these subsidies to fund their expenditures.

However, interpreting budget expenditures and procurement outcomes as reflective of the preferences of local politicians is valid for several reasons. First, even controlling

infrastructure, including traffic signaling and safety measures. Water transport covers the purchase of hydrotechnic equipment and port maintenance. Telecommunications expenditures go to maintaining phone and television networks.

for region, year, and municipality “type,” figures B1 and B2 (figs. B1–B3, C1, C2, D1, E1 are available online) show significant variation between municipalities on every spending category, from deficits and procurement outcomes to spending on different types of goods and services. This variation suggests that other political factors beyond the centralized formulas must be taken into account. Second, recognizing that transfers from the center may be accompanied by strict dictates, I include a control for lower-level dependence on subventions and intergovernmental grants as well as region fixed effects. Finally, if all spending and procurement decisions for the thousands of municipalities were being made in Moscow, we should not expect any effect of the identity of local mayors on different outcomes. A fully centralized state should bias against finding statistically significant results on a municipality having a businessperson candidate.

Research design and balance checks

For the municipal analysis, I use a regression discontinuity design (RDD) based on close elections (Lee 2008). I compare outcomes in municipalities that saw a businessperson candidate narrowly win office with those that saw one narrowly lose office. Given a sufficiently large sample size, this approach helps account for unobserved differences and provides causal estimates of the local average treatment effect of having a businessperson become mayor. Budget outcomes are averaged over the term a businessperson mayor either held office (if he or she won) or would have held office (if he or she lost).⁹ I include the initial (preelection) level for each budget outcome, as well as the preelection total expenditures per year (logged). Unfortunately, procurement data are available only starting in 2011; for these models, I include only a control for preelection total expenditures per year (logged).¹⁰ The unit of analysis is a mayoral term and the forcing variable is the vote margin of the businessperson candidate, which ranges from -1 to 1 with a cutoff point of zero.

9. See appendix sec. A for more detail on sample construction. Nearly all mayoral terms last five years and outcomes are averaged over the full calendar years a mayor was in office. For a term to be included in the analysis, a mayor must serve for at least two full years. If a mayor served consecutive terms, then each term is considered a separate observation. Budgets are passed in November and December for the following year, with supplementary spending passed in June, September, and December of each year. All budget outcomes are measured in terms of actual spending and officially released four months after the budget year concludes. Figure E1 shows analysis where the outcomes are measured for each year of the term.

10. Table A1 contains summary statistics. Table C2 investigates missingness in the budget, procurement, and election data, finding that coverage improves for more populous municipalities.

First, I show simple ordinary least squares (OLS) models on the full sample, not restricting based on businessperson margin of victory, while alternately including covariates and fixed effects. The point estimates reflect basic correlations between having a businessperson serve as mayor and not, while excluding all municipalities that saw no businessperson candidates. Next, I restrict to very close elections (a 3% margin). These difference-in-means specifications compare only those municipalities with intense electoral competition, with municipality-type fixed effects included and standard errors clustered on region and year.

The RDD models estimate a local average treatment effect using a local-linear control function and two bandwidths on each side of the threshold: 5% and the optimal bandwidth \hat{h} with bias-corrected robust confidence intervals calculated using the `rdrobust` package from Calonico, Cattaneo, and Titiunik (2014). The specifications take the following form:

$$Y_i = \alpha_i + \beta \cdot z_i + \gamma \cdot f(\text{Margin}_i) + \eta \cdot z_i \cdot f(\text{Margin}_i) + \text{Covariates}_i + \epsilon_i, \quad (1)$$

where Y_i is the outcome variable for municipality i , z_i is a binary treatment indicator for whether a businessperson mayoral candidate won or lost, $f(\text{Margin}_i)$ is the local-linear function interacted with the treatment to fit above and below the threshold, and Covariates is a vector of factors that influence government spending, including preelection values. I calculate the municipality’s dependence on subventions to fund the local budget, as dependence may constrain local political autonomy. I control for population size using the size of the voter list (logged) and include electoral turnout, the logged number of candidates, an indicator for the incumbent status of the businessperson candidate, and candidates’ party membership. Municipal-type fixed effects are included in all models, while region and year fixed effects (end of term) are used alongside covariates to capture differences in institutional arrangements and time shocks.

For the RDD to return a valid causal estimate, observations located around the cutoff point should not display signs of sorting. In other words, municipalities where businesspeople barely won and lost should not differ substantively beyond the outcome of the election. This assumption would, for example, be violated if businessperson candidates in certain municipalities engaged in fraud to tip close elections in their favor.

Anecdotal evidence suggests that such manipulations can occur in Russian mayoral elections, and largely take the form of administrative pressure directed against candidates from opposition parties (Ross 2007). For electoral fraud to

undermine a design where professional background is the treatment, systematic evidence would be needed of businesspeople, regardless of partisanship, co-opting electoral processes. At the regional level, recent work has so far shown this not to be the case: there is broad balance along a number of traits of businessperson candidates and their connected firms contesting close elections in single-member districts (Szakonyi 2018).

To test that this balance also holds for municipal elections, I run several validity checks. First, figure C1 shows the results of a McCrary (2008) density test, which evaluates whether businesspeople are more likely to win close elections. The results suggest that the assumption of continuity around the cutoff point of 0 is met. Although some mayoral candidates may benefit from electoral manipulations, these opportunities are not disproportionately allotted to businesspeople.

Next, I examine whether there are specific characteristics of municipalities that predict whether businesspeople win or lose close elections. These placebo tests use the same specifications as above, except that the initial (election year) values of the outcome variables and covariates are regressed on the treatment. The aim is to detect whether treatment status is significantly associated with any of these predictors, which would suggest that businesspeople enjoy advantages in winning close elections. In figure C2, I present the *t*-statistics from regressions on 20 placebo covariates using four model specifications. The covariates capture the size of municipality (budget expenditures and population), the economic situation at election time (given the lack of municipal GDP data, I use change in annual revenue and expansion of housing stock), the desirability of mayoral office (number of candidates), candidate characteristics and party membership, and pre-treatment budget subcategory spending. The *t*-statistics in the left panel are from specifications using OLS on narrow bandwidths while those in the right panel come from local-linear specifications using a 5% and the optimal Calonico et al. bandwidth for each outcome. The full point estimates from these models can be found in table C1.

In none of the four specifications do the *t*-statistics exceed, or even approach, a value of two, which is generally accepted as the lower bound of statistical significance. In other words, businessperson politicians do not enjoy special advantages in close elections. This is not to claim that elections at the municipal level are completely free and fair. But with regard to close elections involving businesspeople, the placebo specifications demonstrate that the continuity assumption required to validate the RDD is met. We do not see discontinuities related to deteriorating economic conditions nor specific political characteristics of municipalities around close elections involving businessperson candidates.

EMPIRICAL RESULTS

Figure 1 presents a graphical representation of the RDD treatment effects for the main outcomes: budget deficits, competitive procurement (all purchases), competitive procurement (construction purchases), and spending on economic infrastructure, health, and education. Each panel plots the residuals from a regression of the outcome averaged over the mayor's term controlling for preelection values and municipality-type fixed effects. The *x*-axis shows a 20% vote margin on each side of the threshold, with observations collapsed into bins of 1.5% (on average, bins include 30.6 observations). The solid lines represent the fitted values of a local linear regression estimated on each side of the threshold (zero margin of victory), with 95% confidence intervals shown in gray. The plots indicate two clear discontinuities: municipalities with mayors with private sector experience see greater spending on economic infrastructure and a smaller percentage of construction-related procurement being conducted using open auctions. The other outcomes are much more evenly distributed around the cutoff, suggesting the absence of an effect from businessperson mayors.

To investigate further, table 3 shows the regression results testing whether businessperson mayors adopt probusiness policies. In each panel, columns 1 and 2 present simple OLS results for the full sample (shown as a benchmark for the RDD estimates), column 3 narrows the bandwidth to 3% to calculate differences-in-means, and columns 4–6 show local-linear RDD specifications using the 5% and the optimal Calonico et al. bandwidth (with and without controls). In other words, the left half of each panel uses simple OLS, while the right half shows causal estimates from the RDD specifications.

As shown in table 3, panel A, businessperson mayors increase spending on economic infrastructure. The magnitudes of the point estimates are large, statistically significant, and reflect a local average treatment effect. On average, municipalities led by a businessperson mayor spend an additional 6%–7% of their budget on economic infrastructure.¹¹ Businessperson mayors prioritize spending on issues that immediately help the broader business community.

Panels B and C of table 3 then look at expenditures on social infrastructure, specifically health and education, finding that businessperson politicians do not prioritize investments in human capital. Expenditures on health care are generally unchanged upon a businessperson's taking office,

11. The point estimates on the OLS models may be smaller than those from the RDD because municipalities where businesspeople win with large margins may already spend more on economic infrastructure so the marginal effect is smaller from having a mayor with such a background win.

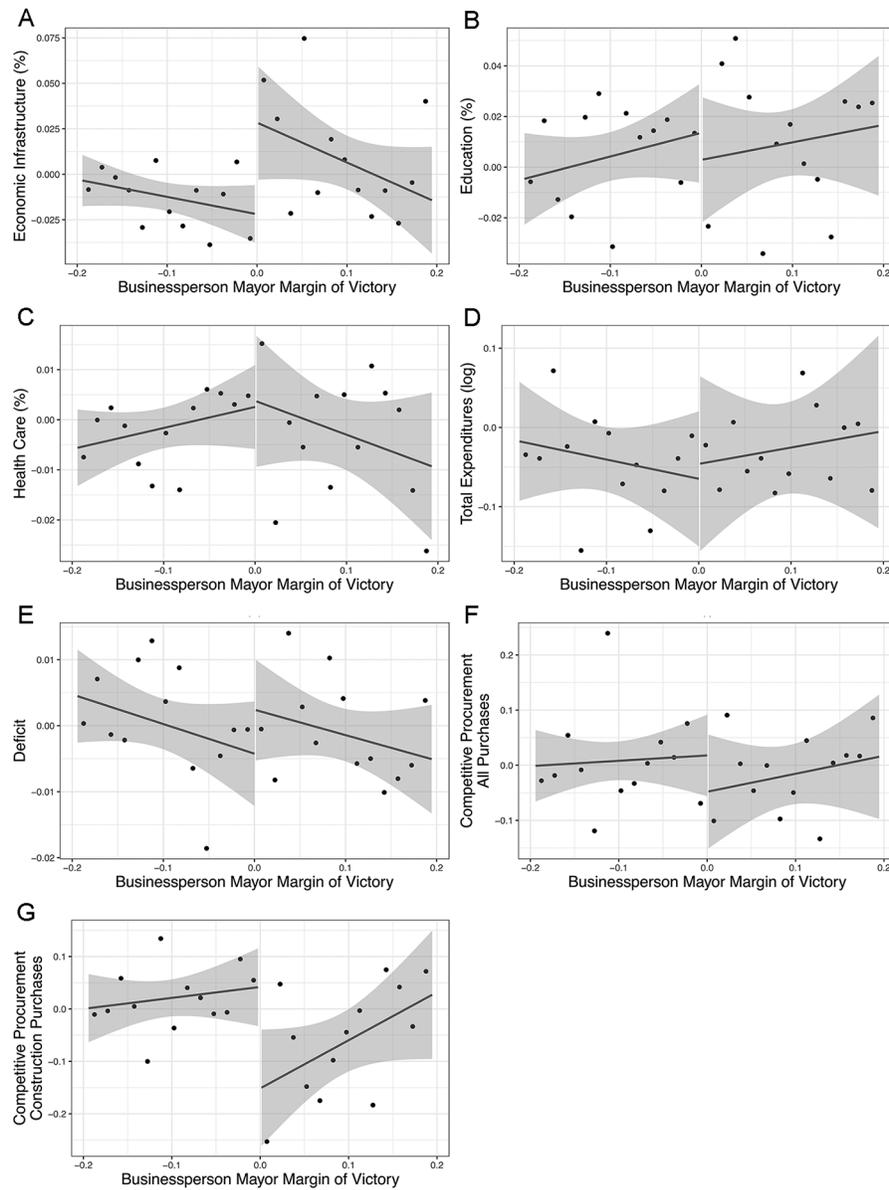


Figure 1. Graphical RDD plots. The figure plots the binned residuals from regressing each outcome (averaged over the mayoral term) on preelection values and municipality fixed effects; bins are calculated at 1.5% vote margin intervals. The solid lines represent the fitted values of a local linear regression estimated on each side of the threshold (zero margin of victory), with 95% confidence intervals shown in gray.

while there is only suggestive evidence that businesspeople cut spending on education. Similarly, businessperson mayors do not affect the total size of government (panel D). The models return positive and negative point estimates that vary depending on specification and the controls included.

Table 4 examines whether businesspeople mayors improve government efficiency, as measured by budget deficits (panel A), the percentage of all procurement using electronic auctions (panel B), and the percentage of construction procurement using auctions (panel C). First, there is no clear evidence that businesspeople impose more fiscal responsibility in their municipalities. Across the specifications, the point estimates fluctuate from positive to negative, and none

of the RDD estimates are statistically significant. The coefficients are not large, while using a binary indicator for a large deficit does not return substantively different estimates (see table E1). Businessperson mayors neither reduce the size of government nor increase deficits. Moreover, there is no definitive evidence that they draw down spending on one area exclusively, such as education, health care, or culture (table E2). Instead, to fund economic infrastructure, businessperson mayors reallocate money from several other different subcategories, depending on the municipality.

The estimates in panel B suggest that perhaps mayoral administrations run by businesspeople may be less likely to use electronic auctions to procure all their goods and

Table 3. Adopting Probusiness Policies

Control Function:	None (OLS)			Local Linear (RDD)		
	Bandwidth:					
	Global	3%	5%	Optimal		
	(1)	(2)	(3)	(4)	(5)	(6)
A. Economic Infrastructure						
Businessperson mayor	.003 (.004)	.005 (.005)	.061** (.024)	.145** (.062)	.067** (.026)	.060*** (.023)
Bandwidth	1	1	.03	.05	.2	.21
Municipality-type FE	Yes	Yes	Yes	Yes	Yes	Yes
Covariates; region, year FE	No	Yes	No	No	No	Yes
Observations	1,548	1,525	54	86	406	417
B. Education						
Businessperson mayor	.004 (.005)	.004 (.006)	-.006 (.020)	-.006 (.053)	-.017 (.019)	-.009 (.018)
Bandwidth	1	1	.03	.05	.24	.25
Municipality-type FE	Yes	Yes	Yes	Yes	Yes	Yes
Covariates; region, year FE	No	Yes	No	No	No	Yes
Observations	1,075	1,063	44	67	361	368
C. Health						
Businessperson mayor	.001 (.003)	-.001 (.003)	-.007 (.010)	.006 (.021)	-.0001 (.009)	.002 (.009)
Bandwidth	1	1	.03	.05	.2	.21
Municipality-type FE	Yes	Yes	Yes	Yes	Yes	Yes
Covariates; region, year FE	No	Yes	No	No	No	Yes
Observations	1,069	1,045	46	73	299	298
D. Total Expenditures						
Businessperson mayor	-.038 (.023)	.014 (.023)	-.024 (.115)	.232 (.262)	.036 (.096)	.055 (.099)
Bandwidth	1	1	.03	.05	.25	.26
Municipality-type FE	Yes	Yes	Yes	Yes	Yes	Yes
Covariates; region, year FE	No	Yes	No	No	No	Yes
Observations	2,260	2,204	90	149	802	797

Note. The panels examine the percentage of municipal expenditures dedicated to economic infrastructure (A), education (B), and health (C). Panel D examines total municipal expenditures (logged in thousands of rubles). Columns 1–3 use standard OLS, while cols. 4–6 show RDD specifications with bias-corrected robust standard errors per Calonico et al. (2014). Bandwidths are applied to each side of the threshold, and standard errors are clustered on region. FE = fixed effects.

* $p < .1$.

** $p < .05$.

*** $p < .01$.

Table 4. Improving Government Efficiency

Control Function:	None (OLS)			Local Linear (RDD)		
	Bandwidth:			Bandwidth:		
	Global	3%	5%	Optimal		
	(1)	(2)	(3)	(4)	(5)	(6)
A. Budget Deficit						
Businessperson mayor	-.002 (.002)	-.001 (.002)	-.001 (.008)	.001 (.018)	.004 (.006)	.007 (.007)
Bandwidth	1	1	.03	.05	.24	.2
Municipality-type FE	Yes	Yes	Yes	Yes	Yes	Yes
Covariates; region, year FE	No	Yes	No	No	No	Yes
Observations	2,148	2,104	84	141	716	556
B. Competitive Procurement—All Purchases						
Businessperson mayor	-.018 (.018)	.001 (.021)	-.012 (.082)	.013 (.165)	-.001 (.072)	-.022 (.067)
Bandwidth	1	1	.03	.05	.17	.23
Municipality-type FE	Yes	Yes	Yes	Yes	Yes	Yes
Covariates; region, year FE	No	No	No	No	No	No
Observations	1,903	1,861	75	121	418	598
C. Competitive Procurement—Construction Purchases						
Businessperson mayor	-.027 (.019)	-.014 (.023)	-.155** (.074)	-.356* (.197)	-.185*** (.063)	-.210*** (.063)
Bandwidth	1	1	.03	.05	.22	.22
Municipality-type FE	Yes	Yes	Yes	Yes	Yes	Yes
Covariates; region, year FE	No	No	No	No	No	No
Observations	1,662	1,625	65	101	495	477

Note. Panel A examines the budget deficit in each municipality (the ratio of expenditures to revenue), panel B examines the percentage of all contracts procured using electronic auctions, while panel C examines the percentage of construction contracts procured using electronic auctions. Columns 1–3 use standard OLS, while cols. 4–6 show RDD specifications with bias-corrected robust standard errors per Calonico et al. (2014). Bandwidths are applied to each side of the threshold, and standard errors are clustered on region. FE = fixed effects.

* $p < .1$.

** $p < .05$.

*** $p < .01$.

services. The point estimates are mostly negative, but not statistically significant. However, when we analyze construction procurement (panel C), the largest spending category and that most associated with corruption, we see a different story. When businesspeople become mayors, the percentage of corruption procurement conducted using electronic auctions falls roughly 20%. Businessperson mayors are not prioritizing transparency and competition in this sector, instead giving bureaucrats discretion to use alternative selection mechanisms more prone to collusion and rent seeking. Table E3 shows

that the lower utilization of auctions is specific to procurement in the construction sector and not evident among purchases of office supplies, food, or furniture, where available rents are lower.

The municipal analysis demonstrates that businessperson mayors do more to push a probusiness agenda than to improve government performance. These results are robust to controlling for the municipality's dependence on transfers as well as the party membership of the businessperson candidate. In the appendix, I show additional evidence that

institutional arrangements, such as the strength of democratic institutions and partisan alignment with governors, do little to constrain businessperson mayors from pushing their probusiness agendas. The absence of strong heterogeneous effects suggests that businesspeople are adeptly able to navigate different types of government structures.

ROBUSTNESS: SPENDING BY REGIONAL LEGISLATURES

To probe these institutional findings further, I next analyze data on Russian regional legislators. Unlike municipalities, regional legislative and executive branches work together to pass budgets. Legislative committees have the resources and capacity to hold open hearings with stakeholders, reject line items, and add their own amendments. Greater parity between the two branches enables us to explore whether the ability of businesspeople to affect policy is specific to one institutional arrangement.

Data on regional budgets run from 2008 to 2016. To measure probusiness policies, I look at how much money was spent on the subcategories of the national economy, health care, and education, as well as logged total expenditures. Each subcategory outcome is measured as a fraction of total expenditures (or for property taxes, total revenue) and takes a value between 0 and 1. As appendix section B1 shows, regional legislatures vary in how they allocate money to different areas. Roughly equal shares of expenditures are devoted to the economy, health care, and education. I measure efficiency again through deficits, or the ratio of expenditures to revenue. To measure legislator background, I collect data on 14,508 regional deputies from 80 regional parliaments over 2008–16. I code whether each regional legislator had worked as a firm director or individual entrepreneur before taking office, while also matching legislators to their SPARK entries (see appendix sec. A2). The main predictor is the percentage of all legislators that are businesspeople.

The unit of analysis is the region-year, with the main predictor lagged since budgets are set in the previous calendar year. Identifying exogenous sources of variation in successful businessperson candidacy at the regional level in Russia is challenging, if not impossible. Well-identified approaches that study legislator background take advantage of quota systems or quirks in proposal rules that introduce exogenous variation in the politicians that govern. No such institutions are present in Russia. Instead, I run OLS models with both region and year fixed effects. The estimates are underidentified but account for between-region variation and time shocks that affect spending across Russia. In addition, I control for the lagged value for each outcome, total expenditures, gross regional product, population, urbanization, dependency on federal subsidies,

indicators for the governor's party and business background, and the percentage of seats controlled by the ruling party. All models show standard errors clustered on region and year.

The results from the region level specifications echo the municipal analysis. A greater number of businessperson legislators is associated with additional money allocated to economic infrastructure, but not to health care or education. Appendix section E3 breaks down national economy expenditures into subcategories and finds that the majority of the effect comes from more spending on transportation infrastructure. Although they only reflect correlations, the point estimates in table 5 indicate a substantively large, statistically significant increase in spending on the economy (cols. 1 and 2) when more businesspeople take office. To put this number in perspective, take the median regional legislature in the data set, made up of 45 legislators. For every additional businessperson in office, total spending on economic infrastructure increases by 1% (0.2 percentage points). This translates into an additional \$950,000 in economic expenditures (at 31 rubles/dollar). A one standard deviation increase in the number of businessperson legislators, that is, an extra six deputies with private sector experience), is associated with an increase in spending on the economy by roughly \$5.7 million. Businesspeople serving in the legislative branch individually may exert less influence on the budget process than those who take up mayoral office, but collectively they can get their interests heard.

Businesspeople also do little to make government run more efficiently (cols. 9 and 10), even potentially running up higher budget deficits. Since regional governments can tap credit markets for financing, businessperson legislators take advantage and issue bonds (results shown in table E9). In that same table, I show that a greater presence of businessperson politicians may increase private and public investment, but the effects, though large, are not precisely estimated. Having businesspeople take office also does not lower the unemployment rate. Businessperson legislators favor the private sector by reducing the tax burden on all firms, as measured by revenue from the corporate property tax, one of the three taxes that regional governments have the authority over. In sum, the regional analysis confirms the findings from the municipal RDD: businessperson politicians do not change the size of government but find money (in this case, through bond issuances) to invest in economic rather than social infrastructure.

CONCLUDING REMARKS

This paper adds to the growing empirical evidence that politicians' background matters for policy making (Carnes 2013; Logan and Molotch 1987; Witko and Friedman 2008):

Table 5. Regional Level Analysis

	Probusiness								Pro-Efficiency	
	Econ. Expend. (%)		Education (%)		Health (%)		Total Spending (log)		Deficit (%)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Percentage										
businesspeople	.076*** (.023)	.064*** (.022)	-.022 (.021)	-.028 (.022)	-.014 (.025)	-.015 (.025)	-.056 (.170)	-.083 (.176)	.109* (.058)	.110* (.057)
Total expenditures (log)	.151*** (.019)	.147*** (.017)	-.065*** (.017)	-.067*** (.019)	-.031** (.014)	-.027* (.015)			.192*** (.070)	.205** (.087)
GRP (log)		-.009 (.019)		.026 (.025)		-.007 (.016)		.240*** (.080)		-.155* (.090)
Population (log)		.052 (.136)		-.105 (.196)		.0003 (.133)		-.203 (.556)		-.144 (.281)
Urbanization		-.321 (.218)		.076 (.281)		.127 (.192)		.888 (.910)		.178 (.566)
Held regional election		-.001 (.001)		.001 (.001)		.001 (.001)		-.00002 (.004)		-.0003 (.002)
Dependence on subsidies		.059 (.038)		-.059* (.032)		-.034 (.026)		.205 (.137)		-.026 (.113)
UR governor		-.0002 (.007)		.004 (.007)		-.0005 (.005)		-.014 (.019)		-.003 (.010)
Businessperson governor		.010 (.007)		.009 (.006)		.003 (.004)		.032 (.020)		.005 (.011)
UR control of legislature		.002 (.018)		-.003 (.024)		-.030 (.025)		.118** (.059)		.034 (.026)
Region, year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	640	640	640	640	640	640	640	640	640	640

Note. Columns 1–6 examine ratios of different types of expenditures to revenue (the column headers indicate the category), while cols. 7 and 8 examine total regional expenditures (thousands of rubles, logged). Columns 9 and 10 examine the deficit ratio as measured by total expenditures over total revenue. All models use OLS and cluster errors on region and year. GRP = gross regional product.

* $p < .1$.

** $p < .05$.

*** $p < .01$.

having experience in the private sector results in politicians setting priorities that advantage the business community. Although businesspeople may boast better management skills, they do little to improve how government works and, in fact, may use their time in office to carve out rent-seeking opportunities. This raises significant questions about representation and accountability: are voters' interests being represented when businesspeople help themselves in power? Interpreted in isolation, the results presented here could suggest that

businessperson politicians are prioritizing the issues that voters care about and are truly focused on improving the economy. For example, roads in Russia are of particularly low quality, and voters may be electing these businesspeople precisely to fix the problem. Are businesses acting in the public interest?

Taken together, the evidence in this paper suggests a different dynamic at work: businessperson politicians in Russia are prioritizing policies of most importance to their own

community. Large-*N* surveys from 2009 to 2011 indicate that roads rank no higher than seventh on a ranking of the 15 most pressing local problems, trailing issues like housing, health care, alcoholism and drugs, corruption, high prices, and unemployment (see table F3). Another 2016 survey of 400,000 companies revealed that poor road construction was one of three primary obstacles to doing business (alongside corruption and bureaucratic inspections). Businesspeople in Russia see government service as an opportunity to fix the problems they care most about.

In line with research on US cities (de Benedictis-Kessner and Warshaw 2016), this paper also finds that different types of governing institutions do little to affect how mayors and legislators affect policy. The cohesive preferences and outcomes achieved by businesspeople are even more impressive considering the heterogeneous set of industries and financial interests they represent.¹² The way forward may involve strengthening rules affecting the selection of individuals into political office (Braendle 2016). For example, requiring that politicians distance themselves from conflicts of interests before taking office could ensure the delivery of public rather than private goods.

Finally, there are reasons to believe that the findings from Russia tell us more broadly about how businesspeople govern in other countries, both democratic and not. Although Russia has become more authoritarian under Vladimir Putin, businesspeople are not plucked into power by an autocrat from above. They expend vast resources to win competitive, unpredictable elections and then enjoy autonomy in deciding how governments are run. Russian subnational politicians face the same trade-offs as their counterparts in other federal states in Southeast Asia and Latin America (e.g., Malaysia, Brazil, and Mexico): how best to allocate scarce resources across a number of competing priorities. So long as political institutions do not encourage complete policy responsiveness to voters, the individual preferences and self-interest of businesspeople should play a key role in determining what they ultimately do in power.

ACKNOWLEDGMENTS

I am grateful to Sarah Sokhey, Chris Warshaw, three anonymous reviewers, and audiences at American Political Science Association; Association for Slavic, East European, and Eurasian Studies; University of Colorado–Boulder; Harvard University; and the Higher School of Economics for their helpful feedback.

12. This paper is unable to fully investigate how different types of businesspeople push for policies. Limited information is available on the firms connected to mayoral candidates, given that they are on average small and less likely to submit financial data.

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