Local Governance and Natural Recourses

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Abstract

In this essay I explore the relation between the regional models of governance and local economic characteristics, specifically whether the difference in natural resources extraction and energy production is .

1 Background

In the 1990s, the government of Russian Federation aimed to increase the independence of local governments from regional and federal authorities in order to comply with the European Charter of Local Self-Government, which it signed in 1998. However, since the 2000, there has been a shift in trends. Russian parlament has enacted the Federal Law No. 131-FZ[1] and one of the purposes of it was to end the conflicts between governors and mayors of large cities (often regional capital cities) within the same region. To address the problem of governor-mayor conflicts, 131-FZ introduced a new model of municipal governance called city manager model (and later, the appointed mayor model was added). This changes has significantly increased the regional governors' ability to influence local government. Previously, local leaders were elected by the population, but after 2003 the local government head can be chosen from candidates presented by a selection committee formed with the participation of regional authorities.

As can be Figure 2.1 on the following page from 2006 to 2011 and 2014 to 2017 there has been a series of declines in the number of municipalities with mayoral elections, the first was the expansion of the city managers and the second was .

2 Data

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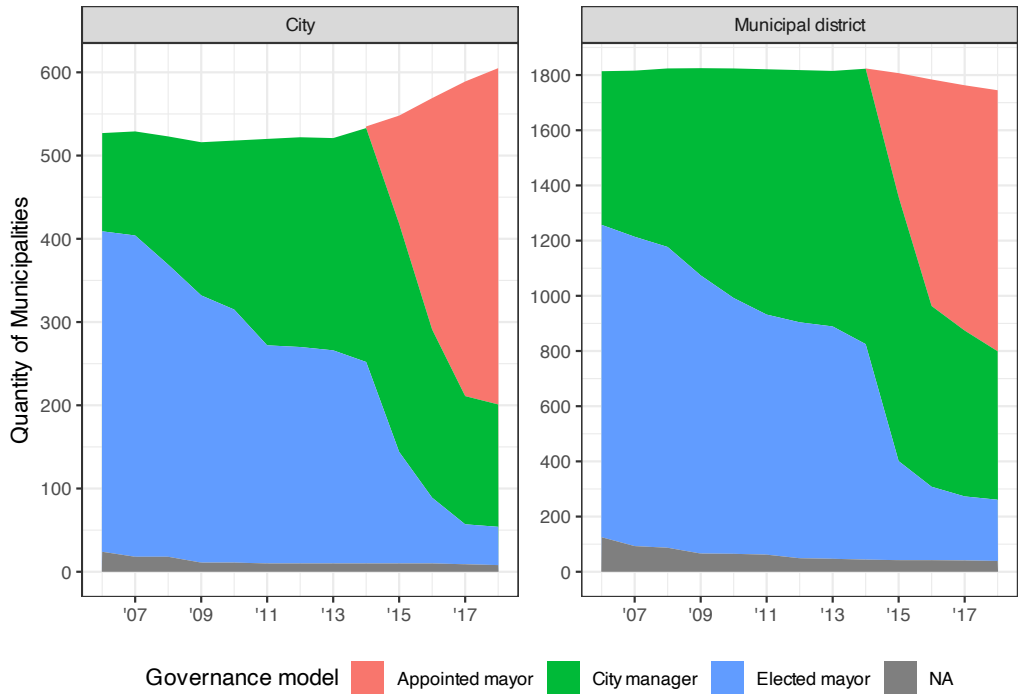
[1]Can be found (in Russian) via `https://base.garant.ru/186367/#ixzz6GzDhtjMJ`.

Figure 2.1. Municipalities by Governance Model



3 Empirical Methodology

Figure 3.1. Distributions of Regions by a Share of Municipalities with Elected Mayors by Year

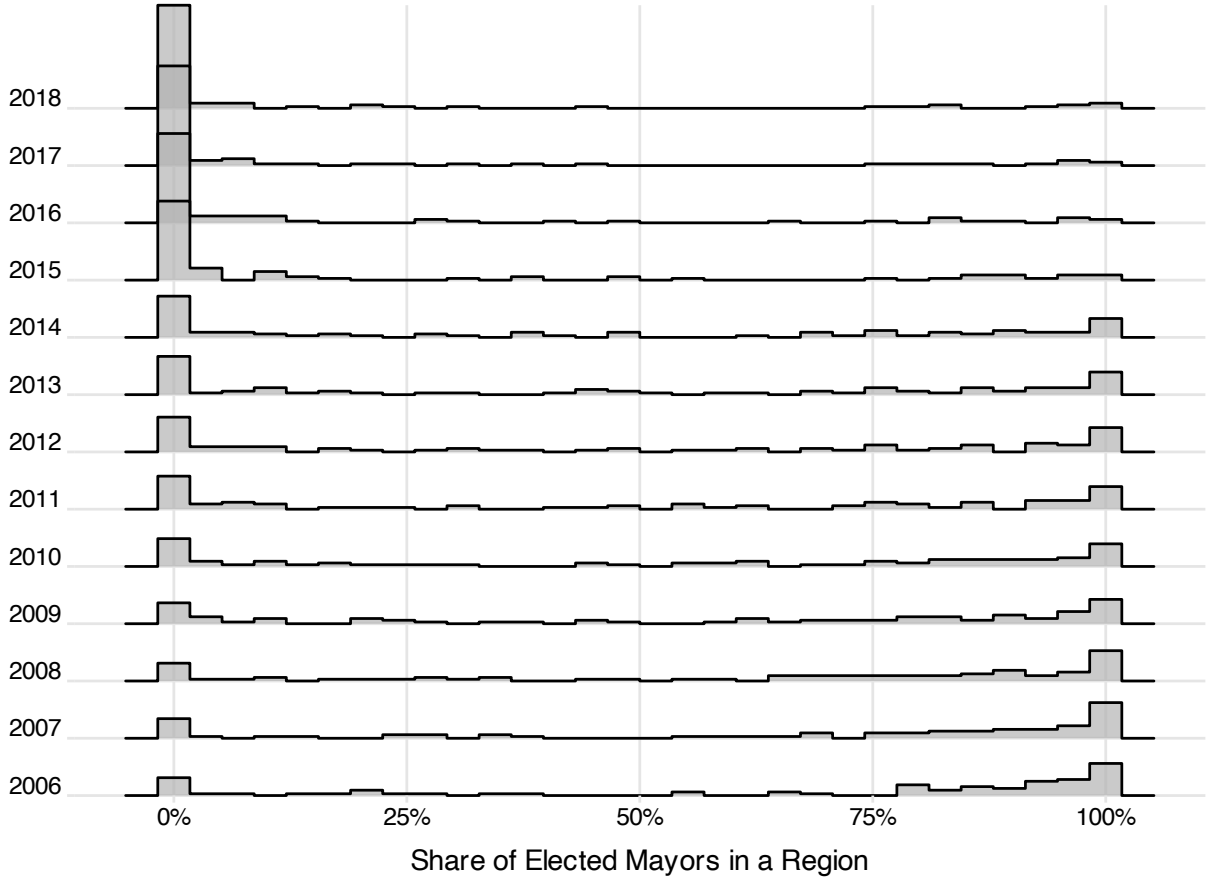
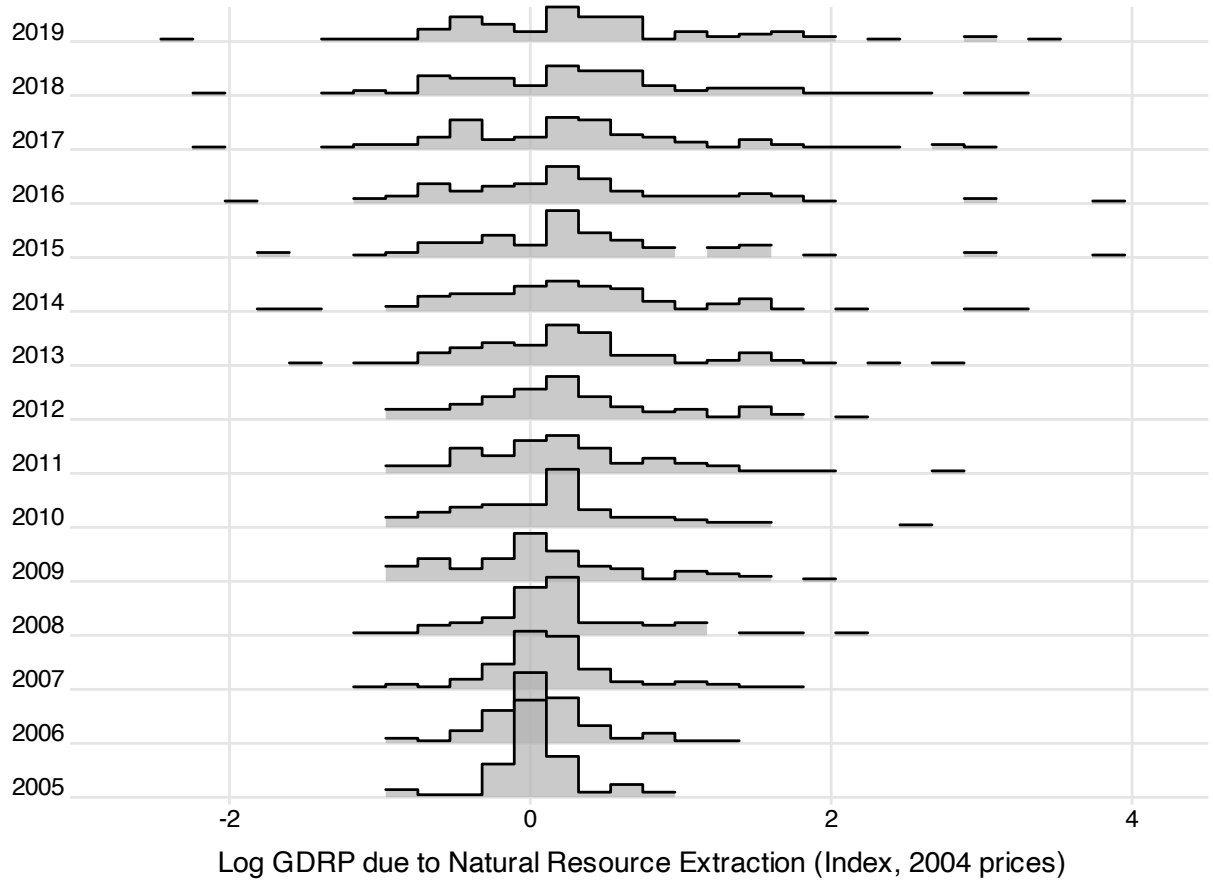


Table 3.1. Regional Economy Characteristic

	Dependent variable: (%) Share of municipalities with		
	Elected Mayors	City Managers	Appointed Mayors
log of	(1)	(2)	(3)
NR Extraction GRDP	4.129**	−0.827	−3.302
	(2.030)	(2.255)	(2.077)
Energy GDRP	10.986**	12.675**	−23.661***
	(4.736)	(5.264)	(4.847)
Military GDRP	16.178	−26.434**	10.256
	(10.917)	(12.132)	(11.172)
Manufacturing GDRP	−14.219***	6.358	7.861**
	(3.873)	(4.304)	(3.963)
Healthcare GDRP	22.616	−23.343	0.726
	(14.965)	(16.631)	(15.316)
Education GDRP	−31.483**	−16.380	47.863***
	(13.381)	(14.871)	(13.695)
Construction GDRP	−4.229	10.379***	−6.150**
	(2.778)	(3.087)	(2.843)
Aggriculture GDRP	−2.059**	2.463**	−0.404
	(1.005)	(1.117)	(1.028)
Retail GDRP	1.778	−5.690	3.912
	(6.703)	(7.449)	(6.860)
Transport GDRP	−19.925***	13.362**	6.563
	(5.801)	(6.447)	(5.937)
Hospitality GDRP	13.735***	−3.600	−10.135**
	(4.168)	(4.632)	(4.266)
GRDP	8.941	−4.574	−4.368
	(9.540)	(10.601)	(9.763)
population	103.047**	−33.273	−69.774*
	(41.190)	(45.774)	(42.156)
Time-Region Fixed Effects	Yes	Yes	Yes
N	976	976	976
n	77	77	77
T	4–13	4–13	4–13
F Statistic	5.703***	3.449***	4.690***

Notes: Dependent variables are logs of GDRPs by Double-clustering robust standard errors with HC3 influencial observations correction are in parenthesis (Thompson, 2011; Cameron et al., 2011). *p < 0.1; **p < 0.05; ***p < 0.01. Panel is unbalanced, $T = 4$ for Crimea for which data is available from 2015 to 2018.

Figure 3.2. Distribution of Regions by a Log of



References

Cameron, A. Colin, Jonah B. Gelbach, and Douglas L. Miller (2011) "Robust Inference With Multiway Clustering," *Journal of Business & Economic Statistics*, 29 (2), 238–249, http://www.jstor.org/stable/25800796.

Thompson, Samuel B. (2011) "Simple formulas for standard errors that cluster by both firm and time," *Journal of Financial Economics*, 99 (1), 1–10, https://doi.org/10.1016/j.jfineco.2010.08.016.

Table .2. Summary Statistics

Statistic	N	Min	Pctl(25)	Median	Mean	St. Dev.	Pctl(75)	Max
year	986	2,006	2,009	2,012	2,012.049	3.738	2,015	2,018
diff_resourse_gdp	986	0.238	0.945	1.019	1.059	0.277	1.123	3.192
resourse_gdp	986	0.112	0.792	1.147	1.810	3.045	1.717	50.653
log_resourse_gdp	986	−2.193	−0.233	0.137	0.230	0.730	0.541	3.925
diff_log_resourse_gdp	985	−1.435	−0.056	0.019	0.028	0.244	0.116	1.161
share_city_manager	986	0.000	3.846	23.205	42.656	41.046	91.667	100.000
share_elected	986	0.000	0.000	35.165	44.291	41.793	89.040	100.000
share_appointed	986	0.000	0.000	0.000	13.053	31.381	0.000	100.000
gdp_pc	976	43,797.200	146,519.100	227,995.200	355,664.500	591,670.100	350,496.800	7,296,374.000
log_gdp_pc	976	10.687	11.895	12.337	12.388	0.751	12.767	15.803
log_military_gdp	986	−0.454	0.071	0.193	0.193	0.176	0.308	0.737
log_manufacturing_gdp	986	−2.925	0.061	0.228	0.224	0.461	0.450	1.945
log_healthcare_gdp	986	−0.429	−0.050	0.024	0.047	0.157	0.133	0.742
log_energy_gdp	986	−1.348	−0.049	0.113	0.142	0.399	0.295	2.046
log_education_gdp	986	−0.508	−0.130	−0.034	−0.022	0.183	0.054	1.104
log_construction_gdp	986	−2.334	0.192	0.483	0.448	0.476	0.738	1.725
log_aggriculture_gdp	986	−0.240	3.566	6.095	5.904	2.988	8.305	20.234
log_retail_gdp	986	−0.421	0.300	0.492	0.636	0.523	0.783	2.882
log_transport_gdp	986	−0.245	0.182	0.346	0.533	0.547	0.667	3.075
log_hospitality_gdp	986	−1.684	0.168	0.424	0.435	0.455	0.663	2.684
gdp	986	11,609.400	141,947.900	275,438.900	489,149.000	725,529.300	570,277.200	8,875,004.000
log_gdp	986	9.360	11.863	12.526	12.514	1.088	13.254	15.999
oil_shock	986	−0.240	−0.164	0.016	−0.019	0.174	0.055	0.400
population	976	0.042	0.772	1.170	1.585	1.285	2.331	7.552