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Energy Regulation and Legislative Development in the State Duma of Russia: A Spatial Analysis of Roll Call Votes with the Optimal Classification Model, Russia 1994-2003

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**Energy Regulation and Legislative  
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Theocharis N. Grigoriadis

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# **Energy Regulation and Legislative Development in the State Duma of Russia:**

## **A Spatial Analysis of Roll Call Votes with the Optimal Classification Model, Russia 1994-2003**

By

Theocharis N. Grigoriadis and Benno Torgler\*

*Abstract:* This paper investigates the role of the State Duma of Russia in energy regulation between 1994 and 2003. We applying Poole's optimal classification model of roll call votes using an ordered probit model to show impact of partisan, bureaucratic, social and economic determinants on energy law reform in the first decade of Russia's democratic transition. Our findings suggest that reforms strongly depend on negotiations, compromises and interest equilibrations. The cohesion and accountability of Russian political parties cannot be explained in terms of ideology; the traditional Left-Right axis does not hold in Russian legislative politics. Thus, our results suggest that Russia's executive federalism and the personal interests of powerful parliamentary actors have the lead in developing competitive market structures in oil, gas and electricity markets. The paradoxical conclusion is that in this turbulent institutional setting State Duma functions as a de facto regulator by contributing to economic transparency and advancing energy law reform under conditions of democratic representation and political competition.

JEL classification: Q400, D720, K230, P270, P370, P310, R110

*Keywords:* energy regulation, energy roll law reform, roll call votes, legislative politics, State Duma, Russia

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## **Introduction: Legislative Politics and Energy Reform in the First Ten Years of Russia's Democratic Transition (1994-2003)**

The formation of the State Duma was a crucial parameter of Russia's transition to democracy. It signaled a major shift in Russian political development and institutional structures, because it facilitated the emergence of new actors, seeking to set the rules of political play and, therefore, maximize their welfare. It is paradoxical to realize that the 1993 Constitution and the electoral law promulgated for the election of December 1993 did not have per se any prior constitutional basis. Despite their emergency character, they were able to form a solid institutional nexus that constrained political competition within the range of democratic legitimacy and domestic stability (Remington 2001: 174). This need for both legitimacy and stability can justify the strong presidential orientation of the Russian Constitution: the President was equipped with constitutional and administrative capacities, which reduced the likelihood of conflict between democrats and communists and between regional leaders and federalists. He embodied elements from the country's authoritarian legacy and qualities of institutional organization required for all democratic states. The executive-legislative interaction was developed under these formal conditions. Since the inauguration of Russia's democratic transformation, the President, both as a constitutional institution and an evolving political player, was perceived as the unifying factor of the Federation. The projections of this reality in economic policy decision-making are self-evident. Market reform has been the outcome of presidential initiatives rather than proposals submitted by deputies (Mau 1998: 101-105). The State Duma is not an autonomous public policy player in Russian federal politics, because it is not able to enforce any policy measures without presidential approval; the reason for this is that the 1993 Constitution was designed by extra-constitutional actors with de facto executive authority. Still, the Duma is the most powerful internal constraint to presidential power both in pragmatic and constitutional terms.

Explaining the role of parliamentary institutions requires an analytical approach encompassing both individual strategies and collective interests. The economics of institutions proposes an equilibrium model, which defines institutional change in terms of objectives, the allocation of property rights and the reduction of transaction costs (Smith 2001: 10-15). This approach provides a conceptual framework for understanding the institutional dynamics leading to the creation of legislatures. However, it is not sufficient in differentiating between legislative practices in a variety of cross-temporal and cross-thematic

settings. Parliaments are indeed aggregates of rights and restrictions; nevertheless, this reality does not predetermine their efficiency or even their democratic functioning. The experience of the State Duma during the first ten years of its functioning (1994-2003) confirms this statement. The existence of a consolidated multiparty system along the traditional lines of Right, Center and Left has reinforced the democratic endurance of the Russian polity. It provides a credible basis for the promotion of diverse interparty alliances, so power cannot be monopolized by a single parliamentary player. Although the President is empowered by the Constitution (articles 111-114) to dissolve the Duma, if the latter either rejects or expresses its lack of confidence in the Prime Minister, the President is more inclined to seek Duma's support rather than act contrary to vested political and economic interests that enjoy legislative representation. However, this empirical observation does not change the asymmetric relationship between the legislative and the executive branches in post-Soviet Russia (Mau 1999: 17-18). Reinforcement of parliamentary authority by the executive is still an issue to be resolved. The State Duma preserves its veto power in order to protect regional or broader popular interests, but legislators cannot exert major influence on governmental decisions taken for key sectors of the economy or in the foreign policy area. Besides, the specific features of each political party and the rules of political competition set for both the legislature and the government determine the evolution of any either presidential or parliamentary democracy (Dahl 2003: 268).

The energy industry is the most important sector of the contemporary Russian economy. In 2002 it possessed one fourth of the GDP, one third of the commodity production in Russian industry, one half of federal budget returns and more than 56 percent of Russian exports (Russian Bureau of Economic Analysis 2004). The purpose of this paper is to elaborate on the legislative dimensions of market reform in the Russian energy sector. It aims to help one understand the extrapolation of political and economic factors that have determined legislative choices on energy regulation and privatization.

Our paper is organized as follows. In Section 1 the constitutional and political powers of the State Duma are presented and elaborated. The profile of key roll call votes on energy policy between 1994 and 2003 is used as an explanatory pattern for understanding the political background of the energy market reform at the legislative level. Furthermore, theoretical and policy conclusions on Russian federalism and the executive-legislative interaction provide a qualitative framework both for aggregating the previous roll call observations and initiating the econometric results of the essay's empirical part. In Section 2 the reasoning for the selection of the optimal classification method and the data evaluation

process are provided. Deputies are classified according to their party affiliation, voting rule, gender, committee membership and regional origin; the latter refers only to deputies elected in a single-member district (SMD). Regions are evaluated based on the ratio of local oil, gas and electricity production over the quantity of national oil, gas and electricity production and on the trade balance (exports minus imports) observed in these three energy markets at the regional level. The single-dimensional ranking of Poole's method is used as the dependent variable and is divided into four distinct orders so that the ordered probit function can be used. Two key roll calls-one from the second and third parliamentary term-are used to test the endurance of the aggregate econometric results. The paper finishes with some concluding remarks on the institutional role of the State Duma in business-government relations observed in the Russian energy sector.

## **1. Constitutional Rules and Interest Representation as Determinants of Executive-Legislative Bargaining:**

### **A. The Legislative Role of the State Duma: Formal Powers and Political Practice.**

The State Duma is the main legislative body in Russia. All federal law bills must be submitted to the Duma and adopted with a majority vote before they are considered by the Council of Federation, the Upper Chamber of the Federal Assembly, and the President. Draft laws may originate in either legislative chamber, or they may be submitted by the President, the Government, local legislatures of the 89 states, the Supreme Court, the Constitutional Court, or the Higher Arbitration Court (article 104 of the Russian Constitution). They are first considered in the State Duma. Upon adoption by a majority of the full State Duma membership, a draft law is considered by the Federation Council, which has fourteen days to consider the bill. Conciliation commissions are the prescribed procedure to resolve disputes in bills considered by both chambers. It has to be noticed that the State Duma's voting rule implies that those deputies who abstain or are not present are de facto casting no votes.

In addition, the State Duma has major non-legislative capacities; it can appoint and dismiss the Chairman of the Russian Central Bank, the Human Rights Commissioner, and the Chairman of the Office of Auditors and half of its members (article 103). The State Duma confirms the appointment of the prime minister, although it does not have the power to confirm Government ministers. The power to confirm or reject the prime minister is

severely limited. According to the 1993 constitution, the State Duma must decide within one week to confirm or reject a candidate once the President has nominated him. If it rejects three candidates, the President is empowered to appoint a prime minister, dissolve the parliament, and schedule new legislative elections.

The power of the State Duma to force the resignation of the Government also is severely limited. The Russian Duma may vote its lack of confidence in the Government by a majority vote of all members of the State Duma, but the president is allowed to disregard this vote. If, however, the State Duma repeats the vote of no-confidence within three months, the president must dismiss the Government. But the likelihood of such a second vote is virtually precluded by the constitutional provision allowing the president to dissolve the State Duma rather than the Government. The Government's position is further supported by another constitutional provision that allows the Government at any time to demand a vote of confidence from the State Duma; refusal may lead the President to dissolve the Duma.

The Federation Council deals primarily with issues of sub-national jurisdiction, such as adjustments to internal borders and presidential decrees establishing martial law or state emergency. It also has the responsibility to confirm and remove the procurator general as well as the judges of the Constitutional Court, the Supreme Court, and the Higher Arbitration Court upon the President's recommendation (article 102). The Federation Council also has the final word, if the State Duma decides to impeach the President. The Constitution underscores that law bills approved by the Lower Chamber with regard to budgetary, tax and other fiscal issues as well as issues dealing with war, peace and treaty ratification have to be approved by the Federation Council.

Nevertheless, the Federation Council has less formal and political power than the State Duma. All bills, even those proposed by the Federation Council, must first be considered by the State Duma. As noted above, if the Council of Federation rejects a bill passed by the State Duma, the two Chambers can form a conciliation commission to elaborate a compromise version of the legislation. The State Duma then votes on the compromise bill. If the State Duma objects to the proposals of the upper chamber in the conciliation process, it may vote by a two-thirds majority to send the draft law directly to the president for signature. The part-time character of the Federation Council's work, its less developed committee structure, and its lesser powers vis-à-vis the State Duma render it more a consultative and reviewing body rather than an efficient law-making chamber with a crucial role in the Russian political system.

Because the Federation Council initially included many regional administrators appointed by Yeltsin, it often supported the President and objected to bills approved by the State Duma, which had more anti-presidential deputies. The power of the Upper Chamber to consider bills passed by the Lower Chamber resulted in the disapproval of about one-half of such bills; thus, the State Duma had either to compromise or vote to override upper-chamber objections. When the two Chambers pass a law, the President has fourteen days to sign or veto it (Troxel 2003: 36-40). If he vetoes it, the two chambers of the legislature have the power to override it by a two-thirds vote of the total number of members of each chamber.

The deregulation of the Russian oil sector in the mid-1990s and the ongoing reform of Gazprom and RAO UESR, which continued to maintain a natural monopoly status in their main areas of economic activity, were approved by the State Duma. The respective bills became sources of intense multilevel bargaining, transcending institutional, political, and ideological boundaries. The preservation of Gazprom's monopoly and vertically integrated structure combined with direct and detailed price regulation both served the Government's long-term interests and protected consumers from arbitrary monopoly prices. The division of the Russian electricity market into competitive and monopoly segments, as illustrated in the reform proposal adopted by the Duma in March 2003 enabled the state administration to grant the right of market entry and, thus, regulate market competition (Butyrkin 2003: 10-11). In this paper we concentrate on the political activity of the State Duma, because, unlike the Federation Council, it has often been a crucial opponent of the President, and it is important to understand the extent to which it has checked the President's power.

## **B. Profile of Energy Roll Call Votes on Key Issues.**

The State Duma passes a bill only when an absolute majority of the total number of its members votes for it in three consecutive readings. The energy roll calls of the First Duma entailed extensive negotiations on the ownership status and privatization of the oil and gas sector, handled issues of electricity tariffication and supply, and sparked critical debates on the regulation of natural monopolies. The INDEM database (see Satarov and Blagoveshenskii 2003) reports that for the 1994-1995 period the basic law drafts on energy policy were the following:<sup>i</sup> the bill on oil and gas, the bill on the regulation of natural monopolies and the bill on electricity tariffs. In all cases, when the amendments proposed by an opposition or pro-governmental deputy were accepted and subsequently incorporated to the bill, the roll call procedure was used. Deputies were required to pass the amended bill in

three consecutive readings before they forwarded it to the Federation Council. This may explain why the Federal Laws on Oil and Gas, Natural Monopolies and Electricity Tariffs constitute documents of great political value: not only do they reflect clashes of interests and ideological cleavages, which are strongly correlated with Russia's early transition to democracy, but they also signal the emergence of powerful oil oligarchs whose entrepreneurial activities were central to the post-Soviet variety of state-led capitalism. The energy law bills in the First Duma were conceived and designed by the presidential administration and the lack of logrolling strategies or critical bill amendments by the communist or centrist opposition indicates the full-fledged dominance of President Yeltsin's Party of Russian Unity.

The implementation of radical economic reforms in 1994 and 1995 abruptly introduced the concepts of property rights and market organization. The reform of the oil sector was a key stage in the massive privatizations in post-Soviet Russia. The State Duma voted for private access to public resources and linked market forces to state regulation (Nureev 2003 Part II: 116-118). Nevertheless, the use of executive decrees under article 90 of the 1993 Constitution and the confirmatory, rather than substantive, role of the Duma in policy-making deprived energy reforms of a solid democratic foundation (Moser 2001: 169). Reformers in the executive perceived the reform of the oil sector as their own privilege. In addition, the increased number of party fractions in the First Duma may have slowed down the legislative process, but it did not give an opportunity to parliamentary minorities to manipulate energy roll call votes as veto opportunities against the government (Doering 2004: 90). The Federal Laws on Natural Monopolies, State Regulation of Energy Tariffs, and Gas Supply voted on in 1995 were efforts to formulate an efficient regulatory framework for natural monopolies at the federal level (Tsapelik 2000: 5-6). However, most of the serious problems related to regulatory and reform strategies in the oil, gas and electricity sectors remained unresolved. In particular, the Federal Law on Natural Monopolies did not encourage further investment activity in the energy sector.

In its second term, the Russian Duma evolved as an independent veto player and undertook major legislative initiatives on energy policy issues. Although President Yeltsin always retained the prerogative to dissolve the Duma and go to elections, the financial crisis of 1998 and Russia's domestic front in Chechnya did not leave sufficient margins for political moves. Tax obligations and the privatization of Gazprom, the privatization of Slavneft and Rosneft and the role of Anatolii Chubais in the nascent electricity reform constitute the political-economic axes of the State Duma reform agenda. Specifically, the

Russian Lower Chamber voted for a bill that prevented the disintegration of Gazprom, in spite of the World Bank and International Monetary Fund. By approving this law bill, the State Duma signaled its intention of keeping gas prices low and protecting Gazprom's state monopoly. In this law bill of April 11 1997, the State Duma proposed that the Russian Government undertake the following policy measures: 1. to reduce consumers' arrears, 2. to finance them with federal budget resources, 3. to initiate favorable coefficients for calculating the remaining liabilities, 4. to introduce law bills for securing stable gas supply and in parallel stimulate gas production, 5. to limit foreign ownership in Gazprom to 10 percent of Gazprom's shares, and 6. to preserve the current pricing system while increasing state regulation of transportation tariffs (see Satarov and Blagoveshenskii 2003). It also recommended that the Central Bank of Russia lower the required amount of financial reserves deposited in the Central Bank by those credit institutions which support investment in the energy sector. Moreover, it urged the respective parliamentary committees to work on the promulgation of a Tax Code, checking on the advisability of tax privileges to corporations involved in energy production and exploitation. The State Duma extended support to Gazprom even when the Kremlin seized Gazprom's accounts, production, and real estate property because of the latter's inability to pay its tax arrears. The Duma condemned the inflexible fiscal policy against an important budget supporter and free-service provider to the population and production sector: it also invited the Russian Government and the related parliamentary committees to regulate Gazprom's arrears on the basis of domestic economic interests and national security.

The Communist opposition made substantial efforts to block the privatization of two oil companies which were still under state control: Rosneft and Slavneft. In the case of Rosneft, the State Duma asked the Government for access to the legal documents containing the conditions of privatization. As for Slavneft, a joint-venture owned by the Russian and Belarusian Governments, the opposition recommended that the Kremlin postpone its sale, wait until the parliamentary approval of a law bill regulating the privatization process, and negotiate with the Belarusian side on the company's operation. The sale of Sibneft's control packet to the Bank of New York was also the topic of a parliamentary session where the perils of US participation into oil production in Siberia were discussed. In addition, a major political move of the Duma was to vote for the cancellation of Chubais's appointment as CEO of RAO UESR, Russia's electricity monopoly. Deputies expressed their disagreement with the choice of Anatolii Chubais, asked for the intervention of the General Procurator, and confirmed their political will to undermine any reform project for RAO UESR that

would leave the state with less than 51 percent of the company's shares. They also declared their intention of giving the privatization process the status of federal law in order to decrease the probability of informal bargaining and corrupt practices outside the range of formal political institutions.

The Third Duma which was elected in December 1999 continued to demonstrate its veto power over the key reform initiatives of the Russian Government. The proposal of Deputy Konev on June 9, 2000 that Anatolii Chubais be invited to testify before Russia's Lower Chamber was fully approved by a large majority. The Duma wanted to hear Chubais because the proposed restructuring of RAO UESR was believed to have inflicted significant costs on Russian economy and to have been carried out with non-transparent means. This persistence on the negative role of Anatolii Chubais and his economic plan for RAO UESR became once again evident, when Duma deputies submitted an appeal to President Putin (July 7, 2000); they warned him that the breakup of RAO UESR into separate companies and the exclusive regulation of transportation tariffs would threaten the economic activity of small enterprises and put at risks the rights of their shareholders. The preference of the Duma majority for the preservation of RAO UESR as a natural monopoly was evident. The State Duma also voted for the enforcement of a new tariff-setting system in the oil sector in order to make Russian oil companies, vertically integrated and structured as holdings, sell oil at the market price, and not at the lower domestic price. This practice resulted in lower tax revenues for the Russian Government (a loss of about 15 billion rubles), because this practice lowered the taxable revenues of Russian oil companies.

The regulatory role of the Federal Energy Commission was harshly criticized in the beginning of the most important month for Russian electricity reform, February 2003. Deputies underscored the fact that the Regional Energy Commissions had increased energy tariffs 14 percent over the legal limit and therefore violated article 1 of the respective law. They criticized Federal Energy Commission actions that ordered its regional counterparts to increase domestic energy prices and abandon cross subsidization. In their viewpoint, this decision exceeded the jurisdictional limits of the Federal Commission, because it was associated with deeply political implications. However, no law bill on energy policy in all 10 years of the Russian Duma was as contested as the law bill on electricity reform. Before its final approval on February 21, 2003, it received 70 amendments. Voting against electricity reform was regarded as anti-privatization and anti-monopoly act. The Fatherland All-Russia party leader and Moscow Mayor Yuri Luzhkov, who was aligned with Putin's economic advisor Illarionov against Chubais, finally consented to the final reform project. State share

in RAO UESR would not fall below 52 percent and could be increased up to 75 percent. There was a distinct division of capacities between federal and regional regulatory authorities. The state kept its control on electrical power networks. Furthermore, tariffs were to be set simultaneously with the federal budget process taking into account regional or social conditions. Centrist deputies managed to insert an amendment that increased the state's controlling role during the reform period of the electricity sector. It was believed that this would be the most certain way to protect consumers' interests and the security of their supplies.

On the same day, the law on energy tariffs itself was further amended in order to align with the legislative developments in the electricity market. Energy tariffs were to be annually and their payment was to take place on a regular basis (see Satarov and Blagoveshenskii 2003). Clauses on social policy issues were not ignored. Tarification principles were designed with the objective of achieving a balance of interests between consumers and suppliers grounded on profitability levels and informational availability: tariff-setting would be the outcome of transparent procedures both at the stages of approval and control. States of the Russian Federation with regional peculiarities would be awarded a special status for tariff setting in the wholesale market. The legislated amendments of the Russian Civil Code as well as of the Federal Law on Natural Monopolies constitute supplementary signals of the Duma's final agreement with the presidential reform; however, they do not diminish the political significance of the Duma's initial opposition to the project as well as its institutional role as the safeguard of Russian statehood. It can be inferred that the Russian legislature perceived energy reforms since 1996 as an effort of Russian and foreign corporate elites to consolidate their market power through the politicization of energy regulation (Shakhmalov 2003: 395-397). In seeking to explain the legislative dynamics of energy reform in post-Soviet Russia, one must bear in mind the difference between its institutional and political dimension. The institutional dimension is connected with the formal actors involved in the decision-making process. The political dimension of energy reform encompasses the institutional dynamics of energy regulation, but it also has a broader range. It must take into account the multifaceted interactions of the Russian Government with influential corporate actors, who perceive privatization and liberalization of Russia's energy resources as the most effective way to implement their own economic agenda and integrate their corporate strategies into larger political objectives.

### **C. Russia's Executive Federalism: Energy Regulation and Legislative Bargaining.**

The unbalanced relationship between the legislative and the executive raises questions about the nature of the Russian Federalism. Parliament is crucial as an institutional arena where people's interests and elite priorities interact and develop new frameworks for the distribution of public wealth. The Russian executive is likely to impose its legislative initiatives on the State Duma, whereas the opposite is less likely. However, it may be argued that the Russian Duma retains its institutional veto power to the extent its legislative capacities are separated from those of the executive and its parliamentary committees are autonomous policy units. This observation leads to the conclusion that the Russian President is by no means *princeps legibus solutus*, as contemporary literature in Russian Politics implies. The law-making process is the outcome of negotiations, compromises and interest equilibrations. The interactions between the President and the Duma may be assessed as institutionally similar to the legislative-executive relations in the political system of the European Union. Experience from the reform planning in the oil, gas and electricity sectors demonstrates that institutional cooperation between the parliament and the government may pertain to the variety of federalism called *executive federalism* (Dann 2004: 2-4 and 380-382). As Dann argues in his thesis, contrary to the British Parliament and in accordance with the US Congressional tradition, the European Parliament affects policy both at the microlevel of parliamentary committees and at the macrolevel of public debates in a plenary meeting. It may be supported that a projection of the European Parliament paradigm at the level of federal legislative politics in Russia is not only permissible, but also required. Besides, Russian legislative experience indicates that committee roll call votes can be just as controversial as plenary ones, because political party factionalism is not the only determinant of panel performance (Unekis 1984: 64-65).

The management of energy resources has been a pillar of state economic policy and political competition in post-Soviet Russia. It has affected the comparative competitiveness of energy companies both at the domestic and the international level. For most of the energy companies, which were established in the privatization and post-privatization period, the transfer of public property was the result of a proper arrangement among pivotal centers of power: this was the case for Lukoil and Surgutneftegas. For other companies the final stage of control consolidation was marked by political competition among federal and regional actors, natural monopoly executives, major banks and industries. Control of strategic share

packages, mortgage auctions and conversion of arrears into securities create a multidimensional matrix of political and economic interests (Radygin 1999: 50-51).

Our overall assessment of the legislative politics of energy regulation has shown that powerful interest groups may influence the bargaining strategies of both sides: the executive and the legislative. Particularly in the case of Gazprom, the fact that it constitutes the world's biggest natural gas monopoly and exporter indicates the strategic importance of its reform; the reform of Gazprom has to be in line with the projected increase in Russia's natural gas exports and, thus, its further support of the federal budget. Looking at the past 10 years, one could hypothesize that the State Duma preferred to pursue a pro-state and anti-reformist agenda as opposed to the market-oriented agenda of the Russian Government. An analytical approach, which would render Russian Duma the cradle of economic protectionism and political backwardness, however, is both outdated and simplistic. The voting behavior of Russian deputies on energy issues should be evaluated taking into account the consequences that massive privatizations inflicted on public welfare and the contradictions, which undermined the proposed energy reforms. Despite the unstable macroeconomic situation and unregulated property rights, the fundamentals of natural monopoly reform were designed in the second half of 1990s. Efficient tariff setting and pricing control, gradual abandonment of cross-subsidization, non-discriminatory third party access and attraction of domestic and foreign investments became *sine qua non* components of governmental reform policy (Avdasheva et al. 2004 : 232-233). Deputies of the State Duma seem to understand that the fulfillment of their legislative duty is positively correlated with a boost in their own political status (Rybkin 1995: 141). Both institutional and ideological underpinnings define this stance. Their affiliation with political parties and social organizations promoting a concrete energy regulatory agenda delineates their set of voting preferences. This statement does not imply that deputies are unable to implement individual strategies in the legislative procedure. However, on issues related to energy policy, we argue that political divisions among party fractions tend to be more distinct. It may be correct to assume that political fragmentation prevents the State Duma from accumulating an advanced degree of political influence over pivotal public policy developments (Ostrow 2000: 147).

The cases of gas and electricity reform indicate that voting over the monopoly status of energy companies can consolidate democratic development in legislatures in a time span of 10 years. It is obvious that the Yeltsin administration during the Second Duma tried unsuccessfully to implement the deregulation model for Gazprom. The breakup of Gazprom, which was never introduced by the Government into a plenary session of the Lower

Chamber, has to be seen in conjunction with Gazprom's increasing tax arrears and pressures exerted by international organizations and potential foreign investors. The State Duma refused to vote for a regulatory model that would exert substantial pressure on natural gas consumers. As a result, initial price pressures on the industrial and energy economy could lead to total economic disintegration, while the market regulation of natural gas prices can create a severe cross-class social crisis, which might continue even when the exogenous shock from the price transition was over. In their resolution, the majority of Russian deputies emphasized their adherence to the preservation of Gazprom's state character; for the Russian Duma, Gazprom was a critical pillar of Russian foreign policy and domestic energy security. Its institutional position in the domestic economic system had to be secured taking into account endogenous factors, such as the aversion of social costs of a breakup.

The longstanding rivalry between Chubais and Luzhkov was a key part of the economic puzzle. Party groupings from the Russian Center and Left opposed electricity reform arguing that the proposed bill would give the RAO UESR management more power to exploit regional energy enterprises and exert pressure on private businesses. Moreover, the solution of major sectoral problems such as non-payment and pricing was not ascertained by the state administration (Avdasheva et al. 2003: 326-327). Although the veto function of the State Duma is limited to the ratification of a legislative bill proposed mostly by the office of the President, this institutional arrangement does not restrain interest seeking and coalitional politics within parliamentary institutions. It should be taken into account that democratic consolidation is more a matter of quality in terms of democratic procedures than a simple question of the durability of the political system. Because party democracy focuses on competition, the political party as a representative institution remains central to any model of democratic institutionalization. Parties attempt to institutionalize the diverse interests of society. Corruption and informal bargaining, therefore, may be considered to be principal features of institutional competition among public and private agents. It would be a fallacy to attribute these parameters of legislative behavior only to transitional democracies. Locating the sources of political corruption in a parliamentary institution means that this institution is not fully democratic. In such a case, the legislative dimension of business-government relations would be rendered extremely problematic.

## 2. Analyzing Legislative Choices with the Optimal Classification Method:

### *Goal*

This paper examines the voting behavior of Duma members on roll call votes dealing with energy. Our goal is to analyze the relative importance of party affiliation, voting rules, committee membership and socio-demographic and regional factors on deputies' behavior. We are especially interested in the extent to which Duma members support or oppose the President's program during the First, Second and Third Dumas. To do this we supplement our narrative account with statistical work based on the optimal classification method elaborated by Poole (1997). This method allows to introduce a probabilistic spatial model for the analysis of roll call votes on oil, gas and electricity regulation. Roll calls on natural monopolies' reform and privatization are also included. They indicate the general framework in which property rights are allocated and strategic alliances are forged for the exploitation of Russia's energy resources. As Tsebelis (2002: 185) argues, the negative correlation between the approval of significant legislation and the number of veto players leads to the conclusion that most Russian political parties do not constitute independent veto players; coalitional rather ideologically defined party strategies form the basis of legislative bargaining. Given that the optimal classification model is a non-parametric method, there is no metric information on the legislators' ideal points produced (Rosenthal and Voeten 2004: 622). Poole and Rosenthal's model of Nominate Scores is the conceptual foundation for explaining the optimal classification method, since it constitutes its parametric alternative. The hypothesis that roll call voting can be captured both by a single and a two-dimensional analysis is valid for both models of deputies (Poole 1997: 70-85). Nevertheless, Poole's non-parametric approach is less influenced by single classification errors in the legislators' ideal points. His concern is to stress the ideological underpinnings of legislative behavior based on a metrically unbiased method that does not consider the strategic calculus of party coalitions to be in the core of parliamentary politics.

### *Reasoning and Methodology*

Poole's optimal classification method is used to measure the ideological underpinnings of political polarization in the Russian Duma between 1994 and 2003. The roll call votes focus exclusively on oil, gas and electricity regulation. The optimal

classification method has the objective of locating ideal points for legislators and separating hyperplanes for roll calls such that the number of classification errors is minimized. A classification error for a legislator on a roll call occurs when the legislator's ideal point is such that his or her vote is not in line with the separating hyperplane for the roll call. The robustness of this procedure is remarkable with regard to the stochastic nature of the data. In addition, the optimal classification method counts equally all classification errors (Rosenthal and Voeten 2004: 622). Its single-dimensional ranking is divided into four distinct orders (from 1 to 4) and is regressed on three sets of dummy variables: the first set distinguishes the deputies according to their voting rule-either proportional representation or single-member district-and the second set makes the distinction according to their party affiliation. Because the creation of ten dummy variables would be neither practical nor efficient, we divide the Russian political parties into three categories based on their official political platforms: Center, Left and Right (see Appendix Table A1). We also create a fourth category for independent deputies who keep a non-party affiliated stance throughout the term. The third set of dummy variables is used to show the impact of party switching on energy law decision-making; this variable indicates the level of party cohesion, when deputies make their legislative decisions. Russian deputies are categorized both according to their decision to switch and the ideological group of their party of origin, in case they decide to switch (Right, Center, Left or Independent). Party changes and the ideological affiliations are included together in the empirical model. We also include a dummy variable that distinguishes between those deputies who are members of Duma's energy policy committee and those who are not (see Table A2 for a list of the different committees). The gender variable may also have substantial policy implications on the way men and women react *ceteris paribus* to energy bills promoting liberalization and investment in Russia's energy markets. We also consider aggregated regional variables. The regions where single-member district deputies are elected are rated according to the ratio of fuel and electricity production in the state economy over the federal fuel and electricity production. We also investigate choices of two key roll calls using a probit model (0 is No and 1 is Yes) including most of the variables discussed above.

In addition, because it can be argued that including our aggregated regional variables will produce downwardly biased standard errors, we address the problem of heteroscedasticity by presenting standard errors adjusted for clustering on Russian regions and administrative districts (see Figures 1 and 2, and Table A2 and A3). The advantage of this class of estimators is that they do not require a precise modeling of the heteroscedasticity source.

Therefore, they are robust to heteroscedasticity of arbitrary form. In general, cluster estimators tend to increase the reported standard errors by a relatively large amount, which reduces the levels of statistical significance for the estimated coefficients without affecting the marginal effects and the size of the coefficients.

The calculation of marginal effects is pivotal for the success of our analysis. Ordered probit models analyze the ranking information of the scaled dependent variable. The equation of a (ordered) probit estimation has a non-linear form; only the sign of the coefficient can be directly interpreted and not its size. Calculating the marginal effects is therefore a method to find the quantitative effect a variable has on the dependent variable.

It is interesting that there is no Duma representative for the republic of Chechnya; this is why we count one state less than the official number of the Russian federal subjects. On the contrary, there are deputies representing all seven Russian administrative districts.

### *Data*

Our research would not have been possible without the roll call database of INDEM Foundation in Moscow (see Satarov and Blagoveshenskii 2003). Roll calls covered the three first post-communist terms of the Russian Duma (1994-1995, 1996-1999 and 2000-2003). Three respective roll call matrices were created including the binary choices of each deputy. The first roll call matrix included 51, the second 196 and the third 202 votes. Following Poole's methodology (Poole 2005), we set 0.5 percent as the minimum proportion on the minority side of a roll call. Furthermore, we define 10 as the minimum number of roll calls in which a deputy has to be vote in order to be included in the scaling.<sup>ii</sup> The data assigns a unique number to every deputy and provides information on his party affiliation, the electoral system he was elected on and his regional origin, if he was elected on the SMD system. The Russian Constitution mentions explicitly that the State Duma must have 450 members. For each of the three terms the database contains more than 450 deputies, because some deputies were obliged by natural or legal reasons to abdicate their parliamentary membership. The majority of them resigned to take another public office which by the 1993 Constitution is incompatible with a legislator's seat. In sum, 465 people served as deputies of Russia's first democratic Duma, 491 people in the Second Duma, and 479 in the Third Duma.

## A. Party Institutions in the State Duma: Ideology and Coherence as Attributes of Energy Law Reform

### *First Duma*

We classified as rightist deputies, who were affiliated with the Democratic Party of Russia, the Liberal-Democratic Party and the Party of Russian Unity and Agreement throughout the parliamentary term. We classified as leftist deputies, who were members of the Agrarian Party of Russia and the Communist Party. We characterized as centrist deputies who participated in the following fractions: Choice of Russia, the Block “Yavlinskii-Boldyrev-Lukin”, Women of Russia, the parliamentary Groups “Stability” and “Russia” and the grouping “New Regional Policy - Duma 96”. Deputies were also classified as centrist who shifted from a right or left party to a centrist one or became independent after their affiliation with a centrist fraction. Deputies who declared their independence after being affiliated with a left or right-wing party were regarded as rightist or leftist. We considered being independent deputies who retained an independent position throughout the parliamentary term. This ideological classification (Left, Right, and Center) was based on the official political platforms of the respective party fractions.

Table 1 and 2 present the results. In Table 1 we present standard errors adjusted for clustering on Russian regions and in Table 2 on Russian administrative districts. In the first equation we use a dummy variable that measures whether a deputy has changed the party and the second equation we provide switchers’ party of origin. The results indicate that the coefficients of the Center and the Right are statistically significant, whereas Independent is not. Thus, we observe significant differences between the groups Center and Right and Left which is our reference group. Both tables show that the party change dummy variable is not statistically significant; however, when we break it into the different parties of origin, we find that the Left Change factor is indeed statistically significant. Center Change is only statistically significant at the 10% level in Table 1, but not anymore in Table 2. Looking also at the marginal effects of the four different scales we find for the first two orders that the inequality **Center>Independent>Left>Right** holds, whereas for the last two orders this inequality has consistently the revised sign (**Center<Independent<Left<Right**). It is obvious that the strong single dimension which pervades our analysis has nothing to do with the traditional left-right axis. Since the quantitative difference between the Right and the Left factors is smaller than the quantitative difference between the Right and the Center factors,

this assumption cannot be the case. The results seemed to indicate that there is a strong reform-antireform unidimensional axis in the energy policy roll calls of the First Duma. On the one extreme is located mainly the governmental majority of the Party of Russian Unity and on the other extreme the majority of centrist party groupings. The axis has, therefore, the following form: **Right>Left>Independent>Center**. The marginal effects show that the higher ranking a deputy has, the more likely he is to belong to the pro-reform fraction. Looking at the marginal effect of the highest ranking scale, we can, for example, conclude that being in the Center rather than in the Left reduces the probability of being in the highest ranking group by more than 21 percentage points. The marginal effects are very high, a fact that implies strong polarization. In addition, there is certain proximity between the extreme parties and the Independent and Center factors are closer to the Left than to the Right factor. The 1993 Duma election brought into surface three political groupings with distinct positions on energy law and policy; the radical pro-reformers of Yeltsin, the centrist moderates of Yabloko's antecessor and the Democratic Party of Russia and the leftist hardliners of the Communist and the Agrarian Party.

The political and ideological incoherence of Russia's first democratic parliament may well explain the statistical insignificance both of the Party Change dummy variable as well as the Right Change factor, and also the lack of robustness of the Center Change factor. It is worthwhile to check why the legislative choices of party switchers originating from the Leftist parties are statistically significant. If we want to stay consistent with our previous conclusions, we have to stress that the higher party switchers are ranked, the more likely they are to vote for a pro-reform bill. Although this finding has a limited political value given the bureaucratic structures of the Russian Communist and Agrarian Parties, it shows a clear ideological inclination of the Leftist party switchers to reduce the bargaining power of their home parties without necessarily advocating the full scale liberalization of the oil industry that occurred in Russia between 1993 and 1994.

### *Second Duma*

In the Second Duma, the predicted multidimensionality of the data facilitates the interpretation of the two main dimensions of conflict. Thus, the political and economic dimensions of energy law reform are the following; a Pro-Anti Reform axis and a Nationalist-Internationalist one. Communists, Agrarians and the Liberal-Democratic Party of Zhirinovskii anchor the anti-reform pole, whereas the Yeltsin-supporting centrist fractions

form the basis of the reformist powers with Chernomyrdin's party "Our Home-Russia" having the lead (Henze 1996: 2-4). Yabloko deputies occupy intermediate positions, although they belong to the centrists, according to our categorization. It is well known that Yabloko, despite its pro-reform agenda, was highly critical of the privatization processes adopted by the Yeltsin administration. We use the reform as shorthand for a division over acceptance of the privatization agenda, which was clearly rejected by the Communists, the Agrarians and Right-Radicals. The dispute over Gazprom's taxation and subsequent reform and the insipient clash over the RAO UESR reform are fully explained by this axis. Furthermore, the Nationalist-Internationalist dimension finds the great majority of Russian political parties on the Nationalist pole. The perception of Gazprom as pillar of national security and the hostile stance toward US investment in the Russian oil sector have substantial appeal to most political groupings of the Russian legislature. Centrist deputies from the Yabloko fraction and independents share almost equal part on the internationalist pole. The cases of Rosneft and Slavneft privatizations confirm this statement. The linkage of FDI policy with foreign and security policy deliberations bolstered the promotion of isolationist and xenophobic ideas among Russian deputies. In the very end of the Second Duma the climate begins to change to the opposite direction. The perspective of WTO integration, which entailed a series of drastic measures toward the abandonment of the double-tariff system, exerted a catalytic influence in that perspective (Tzetzitsek 2004: 10-12).

In the Second Duma as rightist we classified deputies who were affiliated with the Liberal-Democratic Party of Russia throughout the parliamentary term. As leftist we defined the deputies who were affiliated with the Agrarian and the Communist Parties as well as with the parliamentary group "People's Power". As centrist we classified deputies who participated in the fractions "Our Home-Russia", Yabloko and Russian Regions. As centrist were also classified deputies who shifted from a right or left party to a centrist one or became independent after their affiliation with a centrist fraction. As rightist or leftist were regarded deputies who declared their independence after being affiliated with a left or right-wing party. We considered being independent deputies who retained an independent position throughout the parliamentary term. This ideological classification (Left, Right, and Center) was based on the official political platforms of the respective party fractions.

The estimated results are presented in Table 3 and 4. The findings indicate statistically significant differences between the coefficients Center, Independent and Right and our reference group Left. The marginal effects of the Center and Right determinants are

positive in the two lower ranking orders (1 and 2), whereas they are steadily negative in the two higher ones (3 and 4). On the other hand, the stance of independent deputies is only positive in the first ranking order. In general, the observations confirm our initial statement about the multidimensional character of the deputies' legislative choices. Comparing also the marginal effects we can come up with the following general inequality at the single dimensional level: **Left>Right>Center>Independent<sup>iii</sup>**. It seems that the pro- and anti-reform poles have interchanged their positions compared to the First Duma. High rankings comprise anti-reformist deputies. Looking at the marginal effects of the dummy variable Right one can conclude that being in the Right rather than in the Left, increases the probability of being in the lowest ranking group by more than 42 percentage points and reduces the probability of being in the highest ranking group by around 11 percentage points. The Yeltsin administration is now supported by the centrist party of Victor Chernomyrdin, Gazprom's founder and first President who supports its westward orientation. In lower ranking orders should be Yabloko deputies for the reasons explained above. It is interesting to see that, while in the First Duma the overall majority of centrist fractions held an anti-reform position, in the Second Duma they basically support presidential initiatives for the reform of the energy sector. However, it should be noted that party divisions along the traditional ideological lines do not have the same meaning from term to term. Zhirinovskii seems to be alone in the Right and maintains a consistent anti-reform stance. The Communist Party was reinforced in the aftermath of the 1995 election, whereas the Right forces underwent a severe defeat. This is why President Yeltsin shifts his epicenter of support from the Right to the Center.

Interestingly, the Party Change variable is now highly statistical significant. Being a party switcher increases the probability of being in the highest ranking group by 15.2 percentage points and reduces the probability of being in the lowest one by 10.6 percentage points. The second group of estimations indicates that the coefficients of Right and Left party switchers are statistically significant, whereas this is not the case for the coefficients of Center and Independent party switchers. The inequality implied in the tables mentioned above is the following: **Right Change>Left Change>Independent Change>Center Change**. The similar ordering of this inequality with the previous one (only the positions of independent and centrist deputies are interchanged) shows that non-energy law related motivations or concrete personal ambitions may be important causes of party switching. Given that party switchers share the same anti-or pro-reform stance in energy regulatory politics of the Russian Duma, it would be plausible to say that the structural coherence of

political parties in the Lower Chamber is not fully deprived of ideology. If a party switcher that leaves her own party to seek a better political home continues to share the same political and economic beliefs with her party of origin, then it is very unlikely to argue that ideology is missing in Russian legislative politics. It is obviously not captured in the conservative left-right framework; however, if what we refer to conventionally as Left or Right in the Russian parliament is not ideologically consistent, but politically and organizationally responsive, then we can use this evidence to reform our so far perceptions about Russian political and economic institutions. The very high statistical significance of the aggregate Party Change variable confirms the previous conclusions.

### *Third Duma*

In the Third Duma the estimated unidimensionality of the data undermines our effort to trace two main dimensions of conflict. Communists and Agrarians from the Left and Yabloko and Fatherland-All Russia from the Center form the anti-reform pole, whereas the catalytic majority of the Russian Center and the whole Russian Right form the pro-reform extreme. It has to be pointed out that the 1999 Duma elections consolidated the influence of the pro-presidential fraction Unity and maintained the Communist Party as the most powerful fraction in the State Duma. The clash over RAO UESR reform hallmarked energy roll votes in the Third Duma; almost all of them were signals of the State Duma majority against the proposed presidential reform bill. The interesting feature of the Third Duma is that the presidential majority remains and reinforces their position in the Center of the political specter. Furthermore, the split between Unity and Fatherland-All Russia is very obvious, because almost one-third of the centrist legislators' ideal points are located toward the opposite extreme compared to the stance of the overall majority of centrist forces. Deputies of Fatherland-All Russia are closer to the Communists than to the Union of Right Forces and Unity, their main fractional and institutional ally. Electricity reform explained with the optimal classification model is another sign of Russia's floating party system in terms of ideological consistency and rent-seeking agendas (Rose 2000: 27-31).

In the context of the Third Duma, deputies, who were affiliated with the Liberal-Democratic Party of Zhirinovskii and the Union of Right Forces of Gaydar were considered to be rightist. As leftist were treated the deputies belonging to the Agrarian and Communist Parties of Russian Federation. As centrist we classified the deputies who were linked with Unity, Fatherland-All Russia, Yabloko, the parliamentary group "People's Deputy" and

“Russian Regions.” As centrist were also classified deputies who shifted from a right or left party to a centrist one or became independent after their affiliation with a centrist fraction. As rightist or leftist were regarded deputies who declared their independence after being affiliated with a leftist or rightist grouping. We considered being independent deputies who retained an independent stance during the whole parliamentary term.

The estimated results in Table 5 and 6 indicate a very high statistical significance for all three dummy variables; Center, Independent and Right. Being one of these deputies increases the probability of being in the highest group between around 40 and 80 percentage points and reduces the share of deputies in the lowest group between around 10 and 80 percentage points. The clash between Unity and Luzhkov’s party, the two main centrist parties of the Third Duma, does not affect the statistical significance of the Center determinant. The statistical significant positive sign of Center, Independent and Right makes more it difficult to define a sound single-dimensional inequality relationship without further investigations. To get a better idea about a possible inequality structure, we run estimations using also Center, Independent and Right as a reference group. The results suggest the following inequality structure: **Center>Right>Indep>Left**. We understand that in the Third Duma the Leftist parties constitute the stronghold of opposition against legal reform in the electricity sector. Despite the switch in signs, this is a reality also observed in the Second Duma, when the debate was about the structure and ownership status of Gazprom. The political strategy of President Yeltsin to move the parliamentary epicenter of his political power from the Right to the Center is continued by President Putin. In contrast with the first term of Russia’s post-Soviet Duma, the parties of the Right in the second and the third term do not exert significant political influence in decisions taken in energy law reform.

Our approach at that point does not capture the radical differentiation of Fatherland-All Russia, which would be eminent, if we split the Center factor into two separate variables. In addition, the institutional and political integrity of the leftist parties should be underscored. They constitute a very predictable party agent throughout the ten years of Russian energy law reform.

Table 5 and 6 indicate that the coefficient of Party Change is statistically significant with a positive sign. Party switchers have a higher probability of reaching the highest ranking group by 3.1 percentage points.

Given the tendency of a general instability in the horizontal party alliances and the extra-institutional bargaining between political and business actors, only the deputies of the Left parties present a continuity in their anti-reform stance; this is why the Left party

switchers seem to present a very interesting case. Left party switchers need not change parties due to energy law reform purposes, an observation, which has been also previously discussed. In general, the results reveal the contentious politics of corporate reform in the electricity sector and at the same time account for the previously noted inconsistency of roll call voting in three out of four ideological groups.

## **B. Voting Rule, Committee Membership and Social Groups**

### *First Duma*

Given the inequality **Right>Left>Independent>Center** deriving from the First Duma and the statistical significance of the SMD factor in Table 1 and 2 it might be interesting to analyze its marginal effects and compare them with the aforementioned partisanship parameters. It seems that in the First Duma SMD deputies are likely to maintain a higher position in Poole's single dimensional ranking; therefore, **SMD>PR**. As a consequence, it may be concluded that SMD deputies in 1994 and 1995 are more likely to support the presidential agenda and vote for rather than against regulatory and ownership reform in the energy sector.

The high statistical significance of the Committee variable combined with the high marginal effects indicate that members of the energy parliamentary committee of the First Duma are more likely to vote pro-reform bills as opposed to the others. The appointment of the energy committee members should certainly not be deemed to be incidental and the outcome of oil industry privatization in early 1990s is the clearest indication for that. The robustness of the gender factor also shows that women are more inclined than men to support energy liberalization in the first term of Russia's democratic legislature; apart from the sociological explanation of this behavior, which may be self-evident, one should take into account the high degree of female emancipation in Soviet Russia, which was not disrupted during Russia's democratic transition. Taking a look at the age parameter we conclude that the aged communist elites who were the first democratically elected deputies in Russia were more likely to support President Yeltsin's initiatives for the privatization of the oil sector and the subsequent creation of a new oligarchic establishment. It seems that the deputies themselves-after having served a substantial amount of their life the communist regime either as state administrators of any type or faculty members at major Russian universities-perceived the reform of the oil industry as a unique chance to optimize their

political stakes as well as their economic benefits in this new era of Russian political and economic history. However, we observe a non-linear relationship between age and ranking. The ranking position increases with age, but at a decreasing rate.

### *Second Duma*

There is a tendency that the coefficient SMD is statistically significant. The z-value decreases when including detailed dummy variables about the party switchers. Furthermore, clustering on Russian administrative districts also reduces the z-values showing in the second equation in Table 4 a statistically insignificant coefficient. The observed multidimensionality of the deputies' voting behavior does not enable us to make straightforward estimations based on the traditional Left—Right axis. Taking into account the inequality **SMD<PR** of the Second Duma one may argue that in the Second Duma SMD deputies are more likely than PR deputies to vote for energy bills introducing ownership liberalization and privatization in the energy sector. Because the pole of pro-reformist partisan forces is now located in the lower rankings of Poole's model, it may be underscored that SMD representatives are less inclined to support state regulation and maintenance of natural monopolies in the Russian energy market. Nevertheless, the division of deputies into SMDs and PRs does not reveal the ideological underpinnings of legislative behavior on energy issues.

The Gender and Committee membership determinants are not statistically significant. It seems that in the Second Duma the debate over Gazprom's dismantling cannot not be captured on the basis of these parameters; on the contrary, it should be seen as an issue covering multiple areas of political and economic contestation at all levels of legislative bargaining. In line with the First Duma, age is correlated with a pro-reformist behavior. The elderly Russian elites are inclined to support the executive's legislative initiatives for changing the ownership structure of Gazprom. Given that most of them were bureaucrats and public managers in the Soviet period, they perceive the privatization of Gazprom as a unique opportunity to maximize their economic benefits as they did in the oil industry. Contrary to the First Duma, we clearly observe a linear relationship between age and ranking position and therefore we report only the estimations with the single factor Age.

### *Third Duma*

Table 5 and 6 support the inequality structure **SMD<PR** also for the Third Duma. In line with the Second Duma we find a linear relationship between age and ranking class. The

Committee factor does not play a major explanatory role. As we mentioned above, Luzhkov's opposition to Anatolii Chubais's restructuring plan of RAO UESR and subsequently to President Putin is the main cause for this shortcoming in our empirical results. The negative coefficient of SMD and Age factors in the Third Duma indicates an anti-reform tendency. As it also explained below, SMD deputies are less inclined to advocate the restructuring of RAO UESR than PR deputies, because the proposed reform lessens the power of Regional Energy Commissions and, therefore, their political impact on electricity tariff-setting. The Age factor in the Third Duma indicates that the majority of the elderly deputies is located on the side of the Leftist parties who want to have the structure of RAO UESR unchanged. Thus, in Putin's first period we see a dramatic change in the age of deputies who are likely to support presidential initiatives in the parliament. Yeltsin's legislative establishment starts to lose influence over the President and a new generation of Russian legislators, who are fully aligned with the personal and political choices of President Putin emerges.

### **C. Energy Resources, Trade and Regional Interests: Forming an Explanatory Pattern for the Voting Behavior of Single-Member District Deputies**

#### *Methodological Issues*

The objective of this section is to study the role of energy resources as determinants of energy regulation. The INDEM database provides information on the regional origin of SMD deputies, because regional affiliation is not deemed to be politically important for deputies elected on a PR basis. The method used to evaluate the energy significance of Russian regions takes the ratios of the oil, gas and electricity production in every region over the aggregate quantity of oil, gas and electricity productions in Russian Federation.<sup>iv</sup> In parallel, the role of party labels in regional energy politics is explained in terms of political development and state organization at the local level. Given that the consistent and active participation of Communists in local elections and the differing principles between gubernatorial and regional legislative elections (Hutcheson 2003: 35-37), it might be helpful to model the multifaceted interactions between political actors and energy entrepreneurs in energy-rich and energy-poor Russian regions. Fluid boundaries between business and government and endemic phenomena of political corruption synthesize a challenging matrix of interest equilibriums and institutional players, both at the federal and the regional level of

economic policy decision-making. To better evaluate the importance of energy resources we will conduct for every estimation a Wald-test for coefficient restrictions testing for joint significance to be able to conclude whether energy resources as a group play a significant role in the determination of Poole's ranking.

### *First Duma*

The parameter estimates for oil and gas production in Table 1 and 2 show substantial statistical significance. The significant role of energy resources is supported looking at the chi2-statistics showing that the null hypothesis is rejected at the 1% significance levels, which means that energy resources have a significant effect on deputies behavior in the First Duma. The marginal effects are also quite substantial. Unlike their stance toward the liberalization of gas and electrical power sectors, deputies of the First Duma heavily supported the opening of the oil sector given the **Right>Left>Independent>Center** inequality. The different signs of oil and gas provide a perfectly clear signal about the policy priorities of the Russia's deputies; to dismantle the oil industry and preserve the state character of the gas sector. This decision falls exactly in the scope of Russia's first transitional government and the creation of a new privileged economic class both at the regional and the federal level.

### *Second Duma*

The results in Table 3 and 4 underscore that the origin from an energy-rich or energy-poor Russian region did play a less important role in the voting choices of deputies; the coefficients of Oil, Gas and Electricity Production are statistically insignificant and the Wald-test indicates that the null hypothesis is only rejected in the estimations using standard error adjusted for clustering on Russian administrative districts. The clash between the centrist Prime Minister Viktor Chernomyrdin and the parties of Left, which constitutes the main political issue in the field of energy policy, becomes evident in the ordered probit analysis; however, it is less related with vested regional interests of deputies, but it is rather connected with the President's federal agenda and the political reactions to it. It is interesting to notice that regional economic preferences seemed to be constrained by the public policy priorities of the federal center that continue to set the tone in energy law reform in post-Soviet Russia.

### *Third Duma*

The political contestation over electricity reform in the Third Duma and the divided stance of Russian centrist parties can substantially explain the high statistical significance of the Trade Balance variable. The Trade Balance variable refers to the difference between exports and imports in the oil and gas sectors and its marginal effects have a positive sign in the higher orders. This means that deputies originating from regions with profitable commercial activity in the oil and gas industries are more likely to support the RAO UESR reform. The expected liberalization of energy prices and the subsequent increase of electricity prices would perfectly optimize their economic benefits.

In line with First Duma, the energy resource factors seemed to affect deputies voting behavior (even in a stronger manner). The coefficients Oil, Gas and Electricity are in most of the cases statistically significant. The Wald-test also shows the joint significance of the energy resource variables. However, compared to the First Duma, the coefficients show the reversed signs. Hence, deputies originating from oil-and electricity-rich regions are less inclined to vote for the Chubais reform, while deputies originating from gas-rich regions support the restructuring of the energy sector. It is self-evident that the subsequent increase in electricity prices that this reform would entail is beneficial, both politically and economically, for deputies, who have vested interest in the regional gas industry; on the contrary it is extremely harmful for those deputies, whose political clientele is located in regions with major electricity production rates. A substantial increase in electricity prices would critically undermine their regional political profile.

## **D. Case Studies**

### *Methodological Issues*

In this last part of our empirical analysis we intend to check the validity of our aggregate estimations by running a similar estimation structure as previously using probit models for individual roll votes. This method enables us not only to understand the underpinnings of our previous results at the micro-legislative level, but also to test whether the individual estimations for crucial roll votes in each of the three first terms of Russia's democratic transition confirm or contradict the broader findings located in previous parts of the article. What we do is to analyze the two most crucial roll call votes during these ten

years: roll call vote No. 46300 on the ownership status of Gazprom and roll call vote No. 129940 on the restructuring of RAO UESR. Table 7 presents the results of both roll call votes.

#### *Roll Call Vote No. 46300*

The lack of statistical significance in the SMD coefficient undermines the political value of the inequality **SMD>PR**. Taking into account the inequality **Left>Right>Center>Independent** of the Second Duma at the aggregate level one may argue that in the Second Duma SMD deputies are less likely to vote for energy bills introducing ownership liberalization and privatization in the energy sector. As the output of our probit analysis for Roll Call Vote No. 46300, this inequality tendency is also confirmed at the individual level with highly statistically significant coefficients. The division of deputies into SMDs and PRs does not reveal the ideological underpinnings of legislative behavior on energy issues. Contrary to our insignificant findings at the aggregate level, the Gender factor in this case shows that women are more inclined to vote for energy liberalization law bills than men. The Age factor also indicates that older deputies are more likely to support state-centered gas regulatory policies, but this correlation increase at a decreasing rate.

In addition, deputies coming from oil-rich regions are less inclined to support gas reform as opposed to deputies coming from gas-rich regions. It seems that regional politics are certainly crucial at the individual level, which is less the case at the aggregated level. The breakup of Gazprom and the opening of Russian energy markets to foreign investors provoked a tremendous conflict of interests among deputies from fractions and regions with often contradictory interests. The fact that the State Duma finally supported the state character of Gazprom is an ample indicator that despite the presidential initiative and vested regional interests, the collective legislative choice of the deputies was aligned with a firm notion of statehood, which is apparent throughout Russian economic history. The political influence of the Russian Communist party is critical for our analysis at this point, because its position may be interpreted as an effort to protect consumers' interests to avoid an increase of energy prices. The statistical significance of the Party Change variable as well as the statistical insignificance of the Committee variable are also to be understood in this conceptual framework. It has to be mentioned that the absent votes were excluded from the probit analysis and this action should have exerted a measurable impact on the quantitative

analysis of the included independent variables. In both regressions, though, the two energy policy blocks remain distinct; the Russian Right and Left on the one extreme and the pro-reformist Russian Independents with the presidential Center on the other.

*Roll Call Vote No. 129940*

The SMD factor is highly statistically significant and therefore the inequality **SMD<PR** has a great political value. Furthermore, we observe that the inequality **Center>Independent>Left** amply shows that centrist deputies are those who were mostly inclined to vote for the restructuring of RAO UESR. Since the energy roll call No. 129940 on electricity reform was the outcome of a longstanding informal bargaining between the presidential administration and the Fatherland-All Russia party of Yurii Luzhkov, it is reasonable to expect a statistically significant coefficient for the Center and Independent dummy variables. Combining the two previous inequalities, one can notice that SMD deputies are more likely to vote against the proposed bill, given the recommended weakening of Russia's Regional Energy Commissions and the subsequent tariff setting exclusively by the Federal Energy Commission. In contrast with the econometric results at the aggregate level, the pro-reformist pole seems to have the lead at the individual roll call level. This is logical, since the aggregate results include all relevant roll call votes and therefore depict the political negotiations within the presidential coalition preceding the final roll call (No. 129940). The stable oppositional role of the Russian Left at the aggregate level and the governmental support offered by the Centrist parties at the final stage of electricity reform are the basic information signals deriving from the ordered probit and the probit analyses respectively. The Party Change variable is highly statistically significant due to the presidential pressures for achieving a strong legislative majority. The Gender, age and Committee variables are statistically insignificant, since neither of these factors were pivotal for the final outcome of the roll call voting. It is logical to observe that deputies coming from electricity-rich regions would be more likely to vote against this law bill, since the policy impact of the RAO UESR reform was going to affect analogously the regulatory power of their local energy commission.

## **Epur si muove: State Duma as Constitutional Intermediary in Energy Business-Government Relations.**

Constitutional institutions matter. Russian experience demonstrates that parliamentary deliberations are capable of moderating executive arbitrariness (Anderson 2001: 85-86). Political turbulence in the first years of Russian democratization gradually conceded its place to functional democratic institutions. Neither President Yeltsin in his second term nor President Putin opted for the promulgation of normative executive decrees in order to restructure and regulate the energy sector. Instead they sought Duma's support. The INDEM database includes a series of voted law bills in which the State Duma questioned the energy policy priorities of the Russian Government. In addition, the Duma was equipped with the opportunity to postpone law bills on which the President cannot promulgate new decrees (Troxel 2003: 90). In 1994 and 1995 the Duma did not exercise its veto power against the privatizations undertaken in the oil sector. The nascent stage of the legislature and the emergent character of the projected economic reforms, designed by domestic and international actors, did not facilitate active participation of deputies in policy setting. There was practically no substantial control over the procedure by which energy property was transferred to evolving market players. This situation was reversed in the years to follow, when the State Duma fully exercised its regulatory and political jurisdiction in Russia's incipient constitutional setting.

According to the 1993 Constitution, the Lower Chamber has *de iure* regulatory capacities in the complex field of business-government relations. On the one hand, the ability of State Duma to postpone or amend presidential law bills on the basis of majority rule reinforces its bargaining position vis-à-vis the President in cases where an inter-branch consensus is deemed necessary. On the other hand, the adoption of a mixed electoral system bolsters the involvement of corporate interests in the electoral process. Deputies elected in a Single Member District are much more likely to establish bonds of interdependence with regional monopolists and other entrepreneurs, given that the latter can financially support their electoral campaigns. The maintenance of this institutional dualism may lead to fragmentation of party ideology, because regional economic interests rather than party ideology tend to exert a higher influence on SMD deputies. At the same time, party organizations play a decisive role in the dynamics of legislative decision-making. We argue that this aggregate of constitutional and political prerogatives forms the foundations of the

pivotal function that the State Duma fulfills as the constitutional intermediary between business and government

This is the reason why deputies in the consideration of energy policy law bills formed coalitional blocks motivated by their own strategic and institutional priorities. It is logical to hypothesize that formulating coalition strategies is the most efficient way to achieve certain policy outcomes (Hula 1999: 25-27). Corporate developments in the Russian oil sector combined with the ongoing reform planning for Gazprom and RAO UESR necessitated interparty and interregional coalitions, if not for the promotion of a common energy agenda, at least for the prevention of reform projects, which would be unfavorable to regional energy monopolies and cause popular disapprobation. Collective strategies cover a larger set of objectives and have an increased probability of success. Besides, this phenomenon may be attributed to the increased number of political parties participating in the Duma. Russia's diverse population in ethnic, social and economic terms favors the existence of various political organizations. The underlying policy goal of legislative proposals on gas and electricity reforms was to obviate the legitimization of predefined transactions between government executives and interested parts from the corporate sector. In both cases the State Duma expressed its distrust toward governmental policy, because there were not positive precedents leading in the opposite direction. It is not true, however, to claim that the Russian Duma maintained a conceptually hostile stance toward the President. Poor economic performance in 1990s, which culminated in the financial crisis of 1998, determined the position of its majority on the issue of Gazprom's restructuring. Although deputies as members of the Russian elite approved Putin's state-centric economic policy, they were not willing to grant Anatolii Chubais full managerial control over Russia's electricity sector. Enhancement of public welfare and restriction of market liberalization on the basis of personal ties may provide a solid analytical framework for a cross-temporal comparison of roll call preferences on energy market issues (Steen 2003: 66-67).

At that point, the question whether State Duma can act as a real representative of people's interests becomes profound. The argument that Russia under Yeltsin and Putin administrations has evolved to an electoral monarchy (Shevtsova 2000) does not hold in the light of the quantitative analysis presented above. Besides, lobbying per se does not mean the end of constitutional democracy. On the contrary, the existence of pressure groups restores the link of deputies with society, impels private actors to control *ex post* legislative decisions, and raises the informational level of legislators (Zherebkin 2002: 61-62). In transitional societies such as Russia business-government relations can have this added

dimension under the prism of evolving state and market institutions. The State Duma may be regarded as an institution with a two-fold orientation: it is both a state organ and, in parallel, a political actor maintaining strong institutional ties with energy business.

Legislative responses to energy regulation reveal that the endogeneity of institutions rather than their shaping impact on social outcomes can function as a reliable estimator of political dynamics. In periods of radical regime and political change, it is irrational to attribute to institutions the capability of capturing individual utility and defining the rules of the political game (McFaul 2001: 1176). This is the reason why the most powerful political actors designed the State Duma so as to ensure the long-term endurance of their own authority. The concept of deficient party development in the arena of Russian parliamentary politics does not explain the motivations of political actors, who align themselves with a certain party organization. If personal interests are more important than parties, it is worthwhile to figure out what the role of the former in the evolutionary course of party institutions. This is a pivotal parameter for understanding the intensity and perspectives of legislative intervention in business-government relations of post-Soviet Russia. Another problem is that defining the notion of workable competition in Russian energy markets has not been an easy case. In the Russian context the establishment of competitive market structures is not connected only with the issue of potential market entry as opposed to narrower standards used in the past for classifying market concentration (Ellig and Kalt 1996: 117-118). It refers to concrete private players whose market entry is the outcome of a privileged relationship with state officials. This is the point, where State Duma intervenes with the purpose to safeguard state interests, given its own state and constitutional nature. What Duma tries to do is to achieve an institutional compromise between the colliding forces of the Russian political system: the government and the incumbent on the one side and the challengers on the other. It is correct that no regulatory regime can remove all inefficiencies: however, its performance can be improved uniquely, if corporate and public actors are given incentives to reduce public and private costs in the energy industry and thus boost people's welfare. It can be argued that State Duma in energy policy acts as a *de facto* regulator by contributing to the implementation of a transparent tariff-setting system and promoting energy reform under conditions of democratic representation and political competition.

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Table 1

Determinants of Energy Reform in the First Duma (Clustering on Russian Regions)

Dependent Var.: Single Dimensional Ranking with the Optimal Classification Model												
Factors	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)
SMD	0.392***	4.55	-0.121	-0.035	0.042	0.114	0.366***	4.29	-0.113	-0.033	0.039	0.106
Center	-0.731***	-4.31	0.222	0.063	-0.073	-0.212	-0.744***	-4.43	0.225	0.065	-0.074	-0.216
Independent	-0.520	-1.64	0.184	0.014	-0.077	-0.121	-0.503	-1.61	0.177	0.015	-0.074	-0.117
Right	0.221**	2.03	-0.065	-0.023	0.021	0.068	0.244**	2.13	-0.071	-0.026	0.023	0.075
Woman	0.434***	3.45	-0.118	-0.052	0.030	0.141	0.430***	3.29	-0.117	-0.052	0.030	0.139
Age	0.072**	2.11	-0.022	-0.006	0.008	0.021	0.075**	2.20	-0.023	-0.007	0.008	0.022
Age^2	-0.001*	-1.89	0.0002	6E-05	-7E-05	-2E-04	-0.001**	-1.97	0.0002	6E-05	-8E-05	-2E-04
Oil	5.378***	3.73	-1.664	-0.480	0.586	1.559	5.431***	3.74	-1.677	-0.489	0.594	1.572
Gas	-3.568***	-3.92	1.104	0.319	-0.388	-1.034	-3.490***	-3.86	1.078	0.314	-0.382	-1.010
Electricity	-0.945	-0.26	0.292	0.084	-0.103	-0.274	-1.113	-0.31	0.344	0.100	-0.122	-0.322
Party Change	0.166	1.37	-0.050	-0.016	0.017	0.050						
Right Change							-0.056	-0.23	0.018	0.005	-0.006	-0.016
Left Change							0.541**	2.1	-0.134	-0.073	0.023	0.184
Center Change							0.239*	1.75	-0.069	-0.026	0.022	0.073
Committee	0.448***	3.29	-0.118	-0.057	0.0268	0.1481	0.435***	3.02	-0.115	-0.055	0.027	0.143
chi2-stat energy resources	19.65***						20.29***					
Number of obs	400						400					
Prob>chi2	0.000						0.000					
Pseudo R2	0.053						0.055					

Notes: Robust standard errors. Significance levels: \*  $0.05 < p < 0.10$ , \*\*  $0.01 < p < 0.05$ , \*\*\*  $p < 0.01$ . Zero party switches for Independent. Reference groups: PR; Left, Man, Not changed the party, Not a members of Duma's energy policy committee.

Table 2  
Determinants of Energy Reform in the First Duma (Clustering on Russian Administrative Districts)

Dependent Var.: Single Dimensional Ranking with the Optimal Classification Model Districts												
Factors	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)
SMD	0.392***	5.43	-0.121	-0.035	0.042	0.114	0.366***	4.69	-0.113	-0.033	0.039	0.106
Center	-0.731***	-3.88	0.222	0.063	-0.073	-0.212	-0.744***	-3.98	0.225	0.065	-0.074	-0.216
Independent	-0.52	-1.43	0.184	0.014	-0.077	-0.121	-0.503	-1.39	0.177	0.015	-0.074	-0.117
Right	0.221**	2.36	-0.065	-0.023	0.021	0.068	0.244***	2.77	-0.071	-0.026	0.023	0.075
Woman	0.434***	2.79	-0.118	-0.052	0.030	0.141	0.430***	2.65	-0.117	-0.052	0.030	0.139
Age	0.072***	3.59	-0.022	-0.006	0.008	0.021	0.075***	3.41	-0.023	-0.007	0.008	0.022
Age^2	-0.001***	-3.09	0.0002	6E-05	-7E-05	-2E-04	-0.001***	-3.03	0.0002	6E-05	-8E-05	-2E-04
Oil	5.378***	3.44	-1.664	-0.480	0.586	1.559	5.431***	3.39	-1.677	-0.489	0.594	1.572
Gas	-3.568***	-3.66	1.104	0.319	-0.388	-1.034	-3.490***	-3.40	1.078	0.314	-0.382	-1.010
Electricity	-0.945	-0.29	0.292	0.084	-0.103	-0.274	-1.113	-0.35	0.344	0.100	-0.122	-0.322
Party Change	0.166	1.23	-0.050	-0.016	0.017	0.050						
Right Change							-0.056	-0.22	0.018	0.005	-0.006	-0.016
Left Change							0.541**	2.12	-0.134	-0.073	0.023	0.184
Center Change							0.239	1.53	-0.069	-0.026	0.022	0.073
Committee	0.448***	3.25	-0.118	-0.057	0.0268	0.1481	0.435***	2.87	-0.115	-0.055	0.027	0.143
chi2-stat energy resources	16.97***						25.07***					
Number of obs	400						400					
Prob>chi2	0.000						0.000					
Pseudo R2	0.053						0.055					

Notes: Robust standard errors. Significance levels: \* 0.05 < p < 0.10, \*\* 0.01 < p < 0.05, \*\*\* p < 0.01. Zero party switches for Independent. Reference groups: PR; Left, Man, Not changed the party, Not a members of Duma's energy policy committee.

Table 3  
Determinants of Energy Reform in the Second Duma (Clustering on Russian Regions)

Dependent Var.: Single Dimensional Ranking with the Optimal Classification Model												
Factors	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)
SMD	-0.299**	-2.31	0.058	0.060	-0.068	-0.051	-0.244*	-1.87	0.046	0.051	-0.057	-0.040
Center	-2.589***	-6.58	0.619	0.174	-0.393	-0.400	-2.578***	-5.76	0.606	0.184	-0.401	-0.390
Independent	-2.725***	-5.15	0.826	-0.281	-0.429	-0.117	-2.773***	-4.90	0.834	-0.291	-0.430	-0.113
Right	-1.415***	-6.41	0.443	0.012	-0.340	-0.115	-1.386***	-5.83	0.425	0.022	-0.337	-0.110
Woman	0.085	0.59	-0.016	-0.018	0.019	0.015	0.071	0.46	-0.013	-0.015	0.016	0.012
Age	-0.010**	-2.17	0.002	0.002	-0.002	-0.002	-0.010**	-2.07	0.002	0.002	-0.002	-0.002
Oil	0.701	0.86	-0.137	-0.142	0.161	0.119	0.729	1.01	-0.138	-0.153	0.171	0.120
Gas	0.195	0.32	-0.038	-0.040	0.045	0.033	0.285	0.55	-0.054	-0.060	0.067	0.047
Electricity	4.137	0.85	-0.810	-0.840	0.950	0.701	4.150	0.87	-0.785	-0.871	0.973	0.682
Party Change	0.693***	6.40	-0.106	-0.160	0.114	0.152						
Right Change							1.663***	6.95	-0.114	-0.346	-0.072	0.532
Left Change							0.839***	3.93	-0.103	-0.205	0.103	0.205
Center Change							0.265	1.44	-0.044	-0.061	0.054	0.050
Indep. Change							0.582	0.85	-0.076	-0.144	0.086	0.135
Committee	-0.219	-0.61	0.048	0.039	-0.054	-0.033	-0.263	-0.74	0.057	0.047	-0.067	-0.037
chi2-stat energy resources	4.89						5.90					
Number of obs	466						466					
Prob>chi2	0.000						0.000					
Pseudo R2	0.287						0.295					

Notes: Robust standard errors. Significance levels: \*  $0.05 < p < 0.10$ , \*\*  $0.01 < p < 0.05$ , \*\*\*  $p < 0.01$ . Reference groups: PR; Left, Man, Not changed the party, Not a members of Duma's energy policy committee.

Table 4  
Determinants of Energy Reform in the Second Duma (Clustering on Russian Administrative Districts)

Dependent Var.: Single Dimensional Ranking with the Optimal Classification Model												
Factors	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)
SMD	-0.299**	-2.02	0.058	0.060	-0.068	-0.051	-0.244*	-1.82	0.046	0.051	-0.057	-0.040
Center	-2.589***	-5.97	0.619	0.174	-0.393	-0.400	-2.578***	-5.25	0.606	0.184	-0.401	-0.390
Independent	-2.725***	-5.80	0.826	-0.281	-0.429	-0.117	-2.773***	-5.36	0.834	-0.291	-0.430	-0.113
Right	-1.415***	-6.02	0.443	0.012	-0.340	-0.115	-1.386***	-5.44	0.425	0.022	-0.337	-0.110
Woman	0.085	0.50	-0.016	-0.018	0.019	0.015	0.071	0.41	-0.013	-0.015	0.016	0.012
Age	-0.010*	-1.88	0.002	0.002	-0.002	-0.002	-0.010*	-1.79	0.002	0.002	-0.002	-0.002
Oil	0.701	1.55	-0.137	-0.142	0.161	0.119	0.729	1.47	-0.138	-0.153	0.171	0.120
Gas	0.195	1.13	-0.038	-0.040	0.045	0.033	0.285	1.41	-0.054	-0.060	0.067	0.047
Electricity	4.137	0.75	-0.810	-0.840	0.950	0.701	4.150	0.73	-0.785	-0.871	0.973	0.682
Party Change	0.693***	6.66	-0.106	-0.160	0.114	0.152						
Right Change							1.663***	6.37	-0.114	-0.346	-0.072	0.532
Left Change							0.839***	3.85	-0.103	-0.205	0.103	0.205
Center Change							0.265	0.12	-0.044	-0.061	0.054	0.050
Indep. Change							0.582	0.59	-0.076	-0.144	0.086	0.135
Committee	-0.219	-0.55	0.048	0.039	-0.054	-0.033	-0.263	-0.66	0.057	0.047	-0.067	-0.037
chi2-stat energy resources	11.14**						10.25**					
Number of obs	466						466					
Prob>chi2	0.000						0.000					
Pseudo R2	0.287						0.295					

Notes: Robust standard errors. Significance levels: \*  $0.05 < p < 0.10$ , \*\*  $0.01 < p < 0.05$ , \*\*\*  $p < 0.01$ . Reference groups: PR; Left, Man, Not changed the party, Not a members of Duma's energy policy committee.

Table 5

Determinants of Energy Reform in the Third Duma (Clustering on Russian Regions)

Dependent Var.: Single Dimensional Ranking with the Optimal Classification Model												
Factors	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)
SMD	-0.723***	-4.71	0.132	0.113	-0.167	-0.078	-0.656***	-4.11	0.117	0.100	-0.152	-0.065
Center	3.353***	8.67	-0.759	-0.031	0.396	0.394	3.637***	8.77	-0.805	-0.008	0.392	0.421
Independent	2.722***	5.55	-0.108	-0.593	-0.106	0.807	2.937***	5.57	-0.106	-0.615	-0.125	0.846
Right	3.202***	11.66	-0.183	-0.624	-0.056	0.863	3.414***	12.23	-0.186	-0.641	-0.064	0.891
Woman	0.383	1.49	-0.056	-0.086	0.090	0.052	0.372	1.49	-0.053	-0.081	0.088	0.046
Age	-0.014***	-3.09	0.002	0.002	-0.003	-0.001	-0.015***	-3.30	0.003	0.002	-0.004	-0.001
Oil	-1.733*	-1.90	0.312	0.283	-0.415	-0.179	-1.615*	-1.70	0.286	0.255	-0.386	-0.155
Gas	0.795*	1.70	-0.143	-0.130	0.191	0.082	0.703	1.47	-0.124	-0.111	0.168	0.067
Electricity	-8.686*	-1.72	1.562	1.419	-2.082	-0.900	-10.484**	-1.99	1.856	1.658	-2.509	-1.005
Party Change	0.255**	2.08	-0.041	-0.051	0.061	0.031						
Right Change							0.317	1.50	-0.046	-0.069	0.075	0.039
Left Change							1.421***	3.45	-0.104	-0.417	0.183	0.338
Center Change							-0.008	-0.060	0.001	0.001	-0.002	-0.001
Indep. Change							-0.414	-0.98	0.093	0.027	-0.092	-0.028
Trade Balance	3E-05***	3.38	-6E-06	-5E-06	8E-06	3E-06	3E-05***	3.47	-6E-06	-5E-06	8E-06	3E-06
Committee	0.435*	1.70	-0.062	-0.099	0.101	0.060	0.419	1.64	-0.059	-0.093	0.099	0.054
chi2-stat energy resources	9.41**						9.81**					
Number of obs	466						466					
Prob>chi2	0.000						0.000					
Pseudo R2	0.364						0.375					

Notes: Robust standard errors. Significance levels: \*  $0.05 < p < 0.10$ , \*\*  $0.01 < p < 0.05$ , \*\*\*  $p < 0.01$ . Reference groups: PR; Left, Man, Not changed the party, Not a members of Duma's energy policy committee.

Table 6

Determinants of Energy Reform in the Third Duma (Clustering on Russian Administrative Districts)

Dependent Var.: Single Dimensional Ranking with the Optimal Classification Model												
Factors	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)	Coeff.	z-Stat.	1-100 Marg. Eff. (1)	101-200 Marg. Eff. (2)	201-300 Marg. Eff. (3)	301-400 Marg. Eff. (4)
SMD	-0.723***	-4.50	0.132	0.113	-0.167	-0.078	-0.656***	-3.95	0.117	0.100	-0.152	-0.065
Center	3.353***	8.32	-0.759	-0.031	0.396	0.394	3.637***	8.10	-0.805	-0.008	0.392	0.421
Independent	2.722***	6.89	-0.108	-0.593	-0.106	0.807	2.937***	7.12	-0.106	-0.615	-0.125	0.846
Right	3.202***	12.04	-0.183	-0.624	-0.056	0.863	3.414***	11.65	-0.186	-0.641	-0.064	0.891
Woman	0.383	1.41	-0.056	-0.086	0.090	0.052	0.372	1.42	-0.053	-0.081	0.088	0.046
Age	-0.014***	-4.90	0.002	0.002	-0.003	-0.001	-0.015***	-6.98	0.003	0.002	-0.004	-0.001
Oil	-1.733***	-3.38	0.312	0.283	-0.415	-0.179	-1.615***	-2.81	0.286	0.255	-0.386	-0.155
Gas	0.795***	3.04	-0.143	-0.130	0.191	0.082	0.703**	2.34	-0.124	-0.111	0.168	0.067
Electricity	-8.686*	-1.82	1.562	1.419	-2.082	-0.900	-10.484**	-2.11	1.856	1.658	-2.509	-1.005
Party Change	0.255**	2.40	-0.041	-0.051	0.061	0.031						
Right Change							0.317	1.33	-0.046	-0.069	0.075	0.039
Left Change							1.421***	3.51	-0.104	-0.417	0.183	0.338
Center Change							-0.008	-0.09	0.001	0.001	-0.002	-0.001
Indep. Change							-0.414	-0.93	0.093	0.027	-0.092	-0.028
Trade Balance	3E-05***	3.15	-6E-06	-5E-06	8E-06	3E-06	3E-05***	3.24	-6E-06	-5E-06	8E-06	3E-06
Committee	0.435*	1.88	-0.062	-0.099	0.101	0.060	0.419*	1.81	-0.059	-0.093	0.099	0.054
chi2-stat energy resources	25.16***						29.65***					
Number of obs	466						466					
Prob>chi2	0.000						0.000					
Pseudo R2	0.364						0.375					

Notes: Robust standard errors. Significance levels: \*  $0.05 < p < 0.10$ , \*\*  $0.01 < p < 0.05$ , \*\*\*  $p < 0.01$ . Reference groups: PR; Left, Man, Not changed the party, Not a members of Duma's energy policy committee.

Table 7  
Probit Analysis of Roll Call Votes

Second Duma – Parameter Estimates with Probit Roll Call Vote No. 46300						Third Duma – Parameter Estimates with Probit Roll Call Vote No. 129940				
Clustering on Russian Regions				Clustering on Russian Districts		Clustering on Russian Regions			Clustering on Russian Districts	
Factors	Coeff.	z-Stat.	Marg. Effect	Coeff.	z-Stat.	Coeff.	z-Stat.	Marg. Effect	Coeff.	z-Stat.
SMD	0.700	1.41	4E-05	0.700	1.37	-0.504**	-2.58	-0.199	-0.504***	-2.56
Center	-2.694****	-15.98	-0.004	-2.694***	-15.50	3.050***	16.25	0.828	3.050***	19.95
Independent	-2.835***	-5.03	-0.067	-2.835***	-5.56	2.581***	3.79	0.514	2.581***	6.05
Woman	-0.838**	-2.33	-2E-04	-0.838***	-3.46	0.105	0.37	0.042	0.105	0.34
Age	-0.061	-1.47	-2E-06	-0.061***	-2.81	0.079	1.03	0.032	0.079	0.99
Age^2	0.001**	2.24	4E-08	0.001***	3.88	-0.001	-0.92	-3E-04	-0.001	-0.87
Oil	408.299**	1.96	0.016	408.299**	2.44	5.705	0.54	2.275	5.705**	2.08
Gas	-283.014**	-2.10	-0.011	-283.014***	-2.64	0.007	0.01	0.003	0.007	0.02
Electricity	-11.495	-0.89	-5E-05	-11.495	-0.89	16.767*	1.90	6.687	16.767**	2.40
Party Change	1.839***	5.06	5E-05	1.839***	4.26	0.787***	2.85	0.296	0.787***	3.31
Trade Balance						-1E-06	-0.090	-6E-07	-1E-06	-0.140
Committee	0.031	0.08	1E-06	0.031	0.08	0.180	0.47	0.072	0.180	0.45
chi2-stat energy resources	10.34**			21.80***		8.26**			9.34**	
Number of obs	303			303		366			366	
Prob>chi2	0.000			0.000		0.000			0.000	
Pseudo R2	0.557			0.557		0.547			0.547	

Notes: Robust standard errors. Significance levels: \*  $0.05 < p < 0.10$ , \*\*  $0.01 < p < 0.05$ , \*\*\*  $p < 0.01$ . Reference groups: PR; Left, Man, Not changed the party, Not a members of Duma's energy policy committee. Right dropped (predicts success perfectly).

## APPENDIX

Table A1

Political Parties in the State Duma of Russia between 1994 and 2003

<b>First Duma</b>	
<b>Political Parties</b>	<b>Proclaimed Ideology</b>
Choice of Russia	Center
Women of Russia	Center
Agrarian Party of Russia	Left
Block "Yavlinskii-Boldyrev-Lukin"	Center
Democratic Party of Russia	Right
Deputy Group "Russia"	Center
Deputy Group "Stability"	Center
Communist Party of Russia	Left
Liberal-Democratic Party of Russia	Right
New Regional Policy -Duma 96	Center
Party of Russian Unity and Agreement	Right
Not affiliated with a fraction or grouping	Independent
<b>Second Duma</b>	
<b>Political Parties</b>	<b>Proclaimed Ideology</b>
Communist Party of Russia	Left
Liberal-Democratic Party of Russia	Right
Our Home-Russia	Center
Yabloko	Center
Agrarian Deputy Group	Left
Deputy Group "People's Power"	Left
Deputy Group "Russian Regions"	Center
Not affiliated with a fraction or grouping	Independent
<b>Third Duma</b>	
<b>Political Parties</b>	<b>Proclaimed Ideology</b>
Communist Party of Russia	Left
Liberal-Democratic Party of Russia	Right
Fatherland-All Russia	Center
Union of Right Forces	Right
Yabloko	Center
Agrarian-Industrial Deputy Group	Left
Deputy Group "People's Deputy"	Center
Deputy Group "Russian Regions"	Center
Interregional Movement "Unity"	Center
Not affiliated with a fraction or grouping	Independent

Table A2

Parliamentary Committees in the State Duma of Russia between 1994 and 2003

First Duma	Second Duma
<b>Committee</b> Agrarian Issues Security Budget, Taxation, Banks and Finance Geopolitics Local Self-Government Women, Family and Youth Nationalities Social groupings and Religious Organizations CIS affairs and contacts with compatriots Federal and regional affairs Legislation and judicial reform Media policy International affairs Defense Education, culture and science Work organization of the State Duma Health protection Natural resources and the environment Industry, construction, transportation and energy Property, privatization and economic activity Labor and social policy Ecology Economic policy	<b>Committee</b> Agrarian Issues Security Budget, Taxation, Banks and Finance Geopolitics Local Self-Government Veterans Women, Family and Youth Nationalities Social groupings and Religious Organizations CIS affairs and contacts with compatriots Federal and regional affairs Legislation and judicial reform Media policy Conversion and High Technologies International affairs Culture Defense Education and science Problems of the North Regulation and Work organization of the State Duma Health protection Natural resources and the environment Industry, construction, transportation and energy Property, privatization and economic activity Labor and social policy Ecology Economic policy Tourism and Sport
<b>Third Duma</b> <b>Committee</b> Agrarian Issues Security Budget, and Taxation State Construction Local Self-Government Veterans Women, Family and Youth Nationalities Social groupings and Religious Organizations CIS affairs and contacts with compatriots Federal and regional affairs Defense Legislation and judicial reform Mandate Credit Culture International Affairs Education and science Health protection Problems of the North Regulation and Work organization of the State Duma Natural resources and the environment Industry Energy Property, privatization and economic activity Labor and social policy Ecology Economic policy Media Policy	

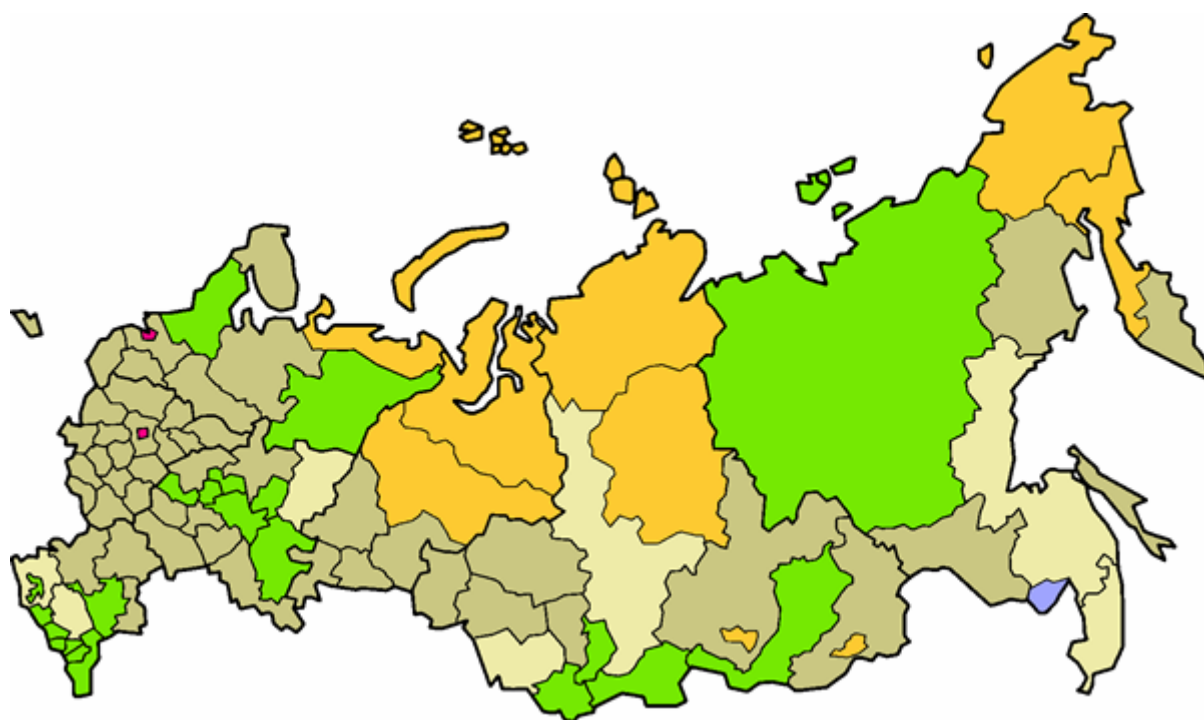
Table A3  
Administrative Structure of Russian Federation: Districts, Republics, Krai and Oblasts (Part I)

<i>Northwestern District</i>	<i>Central District</i>	<i>Volga District</i>	<i>Southern District</i>
Arkhangel'skaya oblast' Vologodskaya oblast' Kaliningradskaya oblast' Republic Karelia Republic Komi Leningradskaya oblast'	Belgorodskaya oblast' Bryanskaya oblast' Vladimirskaya oblast' Voronezhskaya oblast' Ivanovskaya oblast' Kaluzhskaya oblast'	Republic Bashkortostan Kirovskaya oblast' Komi-Permyatskii AO Nizhegorodskaya oblast' Orenburgskaya oblast' Penzenskaya oblast'	Republic Adygeya Astrakhanskaya oblast' Volgogradskaya oblast' Republic Dagestan Republic Ingushetiya Kabardino-Balkarskaya Republic Republic Kalmykiya Karachaevo-Cherkesskaya Republic Krasnodarskii Krai Rostovskaya oblast' Republic Severnaya Ossetiya Stavropol'skii Krai Chechenskaya Republic
Murmanskaya oblast' Nenetskii AO	Kostromskaya oblast' Kurskaya oblast'	Permskaya oblast' Republic Marii El	
Novgorodskaya oblast' Pskovskaya oblast' City of St. Petersburg	Lipetskaya oblast' Moskovskaya oblast' Orlovskaya oblast' Ryazanskaya oblast' Smolenskaya oblast' Tambovskaya oblast' Tverskaya oblast' Tul'skaya oblast' Yaroslavskaya oblast' City of Moscow	Republic Mordoviya Samarskaya oblast' Saratovskaya oblast' Republic Tatarstan Udmurtskaya Republic Ul'yanskaya oblast' Chuvashskaya Republic	

Table A4  
Administrative Structure of Russian Federation: Districts, Republics, Krai and Oblasts (Part II)

<i>Ural District</i>	<i>Siberian District</i>	<i>Far Eastern District</i>
Kurganskaya oblast' Sverdlovskaya oblast' Tyumenskaya oblast' Chelyabinskaya oblast' Khanty-Mansiiskii AO Yamalo-Nenetskii AO	Aginskii Buryatskii AO Republic Altai Altaiskii Krai Republic Buryatiya Irkutskaya oblast' Kemerovskaya oblast' Krasnoyarskii Krai Novosibirskaya oblast' Omskaya oblast' Taimyrskii AO Tomskaya oblast' Republic Tyva Ust'-Ordynskii AO Republic Khakasiya Chitinskaya oblast' Evenkiiskii AO	Amurskaya oblast' Evreiskaya AR Kamchatskaya oblast' Koryakskii AO Koryakskii AO Magadanskaya oblast' Chukotskii AO Primorskii Krai Sakhalinskaya oblast' Khabarovskii Krai Republic Sakha (Yakutiya)

Figure A1  
Political Map of Russian Federation: Federal Subjects (Russian Regions)



Source: [www.novayagazeta.ru](http://www.novayagazeta.ru)

Figure A2  
Political Map of Russian Federation: Federal Administrative Districts



Source: <http://wgeo.ru/russia/fedokr.shtml>

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## Notes

<sup>i</sup> The information on energy roll calls between 1994 and 2003 relies on INDEM database materials and personal research in the archives of central Russian newspapers and journals. INDEM (Informatics for Democracy) is a non-profit organization of applied political research located in Moscow and its database includes all roll call votes held in the State Duma since its constitutional establishment in December 1993.

<sup>ii</sup> Besides this restriction we have some missing values for one of the independent variable (age) in the second (19 observations) and Third Duma (5 observations). The obtained results remain robust when omitting the age variable in the estimations.

<sup>iii</sup> We also changed the reference group to better observe the ranking position (especially relevant to differentiate between Center and Independent).

<sup>iv</sup> The quantitative information on regional energy production comes from the Federal Service of Statistics, known as Goskomstat. This is the official state provider of statistical information in Russian Federation. In this paper we use the 2003 edition of the statistical package on Russian Regions.