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## A geographic incremental theory of democratization: territory, aid, and democracy in postcommunist regions

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## **Abstract**

The article examines the impact of geographical proximity to the West and Western aid on democracy in Russia's regions and advances a *geographic-incrementalist* theory of democratization. Even when national politicians exhibit authoritarian tendencies, diffusion processes and targeted foreign aid help advance democratization at the sub-national level in post-communist states and other settings. We make this case by conducting process-tracing case studies of democratic institution-building in two Northwestern border regions, as well as statistical analysis of over one thousand projects that the European Union carried out in Russia's localities over fourteen years. We find that the EU shows commitment to democratic reform particularly in, but not limited to, regions located on its Eastern frontier. This over time positively affects the democratic trajectory of the respective regions even if they had been more closed to begin with compared to other regions.

*A Geographic Incrementalist Theory of Democratization:  
Territory, EU Aid, and Democracy in  
Post-Communist Regions\**

*Introduction*

The accession to the European Union (EU) of Central Europe's post-communist states has been regarded a success story. Within a short period of time, EU membership prospects have induced these countries to institutionalize democratic practices. The "Rose" and "Orange" Revolutions in Georgia and Ukraine have inspired hopes that these states will one day too join the prestigious club of Western nations.

One apparent pattern of these developments is the advancement of democratization from the West eastwards.<sup>1</sup> Yet, if this is the case, what explains the

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puzzle of the stubborn refusal of some post-communist states to embrace democracy? Belarus has unshakably remained “Europe’s last dictatorship”; in Moldova, democracy has been on the decline, and recently, Freedom House has downgraded Russia to “not free” status.<sup>2</sup> Among Western donors disillusionment abounds: they now stress the limits, more than the power, of external “norm entrepreneurship” efforts.<sup>3</sup> Certain nations, scholars now argue, are simply too “impervious to outside influences”<sup>4</sup>; they feel “surrounded by foes” and nurture an unwavering “hostility towards the West.”<sup>5</sup> Are some post-communist states all that “impervious” or are we missing something in our analysis, which prevents us from accurately observing and predicting change?

We argue that a “center-centered”<sup>6</sup> perspective obscures our understanding of what we call geographic incremental processes of democratization at sub-national levels. Even when national politicians exhibit authoritarian tendencies, territorially conditioned

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<sup>1</sup> Jeffrey S. Kopstein and David A. Reilly, “Geographic Diffusion and the Transformation of the Postcommunist World,” *World Politics* 53 (October 2000).

<sup>2</sup> Freedom House, *Nations in Transit*, 2004,

<http://www.freedomhouse.org/template.cfm?page=17&year=2004> (accessed September 20, 2006).

<sup>3</sup> Sarah E. Mendelson and John K. Glenn, eds., *The Power and Limits of NGOs: A Critical Look at Building Democracy in Eastern Europe and Eurasia* (New York: Columbia University Press, 2002).

<sup>4</sup> Kopstein and Reilly (fn. 1).

<sup>5</sup> Richard Pipes, “Flight from Freedom: What Russians Think and Want,” *Foreign Affairs* 83 (May/June 2004), 13, 15.

<sup>6</sup> Richard Snyder, “Scaling Down: The Subnational Comparative Method,” *Studies in Comparative International Development* 36 (Spring 2001).

diffusion processes from the West and targeted democratization efforts of Western neighbors help build up support for democracy among local actors.<sup>7</sup>

We advance this argument by conducting process-tracing case studies of Western involvement in Russia's regions, and statistical analysis of openness and democracy levels as they relate to geographical location and Western aid. Our case studies are based on field research conducted over a period of two years in several sub-national regions, as well as in-depth interviews with regional actors and EU officials in Moscow and Brussels. For our statistical analysis we use an original data set that we composed of all, more than one thousand, EU projects conducted in Russia's regions over fourteen years.

In the following section, we discuss approaches to external influences on democracy and propose an alternative theory. We then outline a framework for investigating Western impact on Russia's regions. In the third part, we examine patterns of EU aid allocation. In the fourth part, we conduct statistical analysis of relationships among proximity to the West, EU aid, and regional outcomes. In the fifth part, we deepen the exploration of the relevant causal mechanisms by conducting process-tracing case studies of two Northwestern regions, Pskov and Karelia. We conclude with a discussion of broader implications for theory building and for understanding patterns of democratization.

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<sup>7</sup> On external-domestic actor interactions, see Thomas Risse-Kappen, "Introduction," in *Bringing Transnational Relations Back In: Non-State Actors, Domestic Structures, and International Institutions* (New York: Cambridge University Press, 1995); and Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42 (Summer 1988).

*Theorizing External Influences on Democracy*

One of the most highly contested conclusions of Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead's study of transitions from authoritarian rule in Latin America and Southern Europe was the negligible role of external factors. It would be "fruitless," they argued, "to search for some international factor or context which can reliably compel authoritarian rulers to experiment with liberalization."<sup>8</sup> We now know that the assertion does not withstand scrutiny when applied to other contexts.<sup>9</sup> The constructivist shift in international relations scholarship has made it even more difficult to overlook the significance of transnational factors, such as ideas and norms serving as "soft" incentives to democratic change and going beyond the narrow group of domestic elite actors.<sup>10</sup> Transitologists have since qualified their assumptions regarding the role of international and regional factors as applied to other settings.<sup>11</sup>

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<sup>8</sup> Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead, "Tentative Conclusions about Uncertain Democracies," in Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule* (Baltimore: The Woodrow Wilson International Center for Scholars and Johns Hopkins University Press, 1986), 18.

<sup>9</sup> See for example Archie Brown, "Transnational Influences in the Transition from Communism," *Post-Soviet Affairs* 16 (April 2000); Laurence Whitehead, ed., *The International Dimensions of Democratization: Europe and the Americas* (Oxford: Oxford University Press, 2001); Giuseppe di Palma, "Legitimation from the Top to Civil Society: Politico-Cultural Change in Eastern Europe," *World Politics* 44 (October 1991); Grzegorz Ekiert and Jan Kubik, "Contentious Politics in New Democracies: East Germany, Hungary, Poland, and Slovakia, 1989-93," *World Politics* 50 (July 1998), 550.

<sup>10</sup> Joseph Nye, Jr., "The Decline of America's Soft Power: Why Washington Should Worry," *Foreign Affairs* 83 (May 2004); Helmut Anheier, Marlies Glasius, and Mary Kaldor, eds., *Global Civil Society*

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(Oxford: Oxford University Press, 2002); Daniel C. Thomas, *The Helsinki Effect: International Norms, Human Rights and the Demise of Communism* (Princeton: Princeton University Press, 2001); Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders: Advocacy Networks in International Politics* (Ithaca: Cornell University Press, 1998); Thomas Risse-Kappen, Stephen C. Ropp, and Kathryn Sikkink, eds., *The Power of Human Rights: International Norms and Domestic Change* (Cambridge: Cambridge University Press, 1999); Andrew Moravcsik, "The Origins of Human Rights Regimes: Democratic Delegation in Postwar Europe," *International Organization* 54 (Spring 2000).

<sup>11</sup> For transitology debates, see Philippe C. Schmitter and Terry Lynn Karl, "The Conceptual Travels of Transitologists and Consolidologists: How Far to the East Should they Attempt to Go?," *Slavic Review* 53 (Spring 1994); Philippe C. Schmitter and Terry Lynn Karl, "From an Iron Curtain to a Paper Curtain: Grounding Transitologists or Students of Postcommunism?," *Slavic Review* 54 (Winter 1995); Stephen F. Cohen, "Russian Studies Without Russia," *Post-Soviet Affairs* 15 (January 1999); Brown (fn. 9); Valerie Bunce, "Comparative Democratization: Big and Grounded Generalizations," *Comparative Political Studies* 33 (August 2000); Valerie Bunce, "Lessons of the First Postsocialist Decade," *East European Politics and Societies* 13 (Spring 1999); Valerie Bunce, "The Political Economy of Postsocialism," *Slavic Review* 58 (Winter 1999); Valerie Bunce, "Regional Differences in Democratization: The East Versus the South," *Post-Soviet Affairs* 14 (July 1998); Valerie Bunce, "Rethinking Recent Democratization: Lessons from the Postcommunist Experience," *World Politics* 55 (January 2003); Doh Chull Chin, "On The Third Wave of Democratization: A Synthesis and Evaluation of Recent Theory and Research," *World Politics* 47 (October 1994); Valerie Bunce, "Should Transitologists be Grounded?," *Slavic Review* 54 (Spring 1995); Howard J. Wiarda, "Southern Europe, Eastern Europe, and Comparative Politics: 'Transitology' and the Need for New Theory," *East European Politics and Societies* 15 (Fall 2001); Larry Diamond and Mark F. Plattner, eds., *Democracy after Communism* (Baltimore: The Johns Hopkins University Press, 2002); Charles King, "Post-Communism: Transition, Comparison, and the End of 'Eastern Europe'," *World Politics* 53 (October 2000); Thomas Carothers, "The End of the Transition Paradigm," *Journal of Democracy* 13 (January 2002); Jordan Gans-Morse, "Searching for Transitologists: Contemporary Theories of Post-Communist Transitions and the Myth of a Dominant Paradigm," *Post-Soviet Affairs* 20 (October/December 2004).

Much of the theorizing on democratization shares two important shortcomings with the original transitology framework, however. These are the absence of *territorially conditioned* external factors as key variables; and the essentially de-territorialised, “whole nation”-biased<sup>12</sup> view of democratic change.

Lawrence Whitehead has for example proposed a typology that hints at the significance of territory. One element in his typology of external influences is “contagion through proximity,” which would explain the temporal sequencing of clusters of democratization in particular geographic locations.<sup>13</sup> Philippe Schmitter adds an additional dimension to Whitehead’s typology, namely conditionality, which has been a motor for democratic consolidation in post-communist EU accession states, all regionally clustered and adjacent to West European democracies.<sup>14</sup>

Despite references to geography in such elements of the typology as contagion and conditionality, however, not only is geography not explicitly theorized, but statements about its relevance are highly qualified. Whitehead, for example, does not specify how exactly contagion operates, indicating that it is an agenda for future research. “We are searching, . . . for neutral transmission mechanisms that might induce countries bordering on democracies to replicate the political institutions of their neighbors,” he writes. Whitehead even downplays the role of territory in the context of the growing role of mass communications. He states that “images of the good life in North America or

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<sup>12</sup> Snyder (fn. 6).

<sup>13</sup> The other elements in his typology being “control” and “consent.” Lawrence Whitehead, “Three International Dimensions of Democratization,” in Whitehead (fn. 9), 15.

<sup>14</sup> Philippe C. Schmitter, “The Influence of the International Context upon the Choice of National Institutions and Policies in Neo-Democracies,” in Whitehead (fn. 9).



Western Europe may produce equally powerful effects in the Southern Cone as in the Caribbean, in Siberia as in the Baltic States.”<sup>15</sup> Philippe Schmitter likewise cautions against “exaggerate[ing] either the reach of . . . communicative interdependence or its impact upon democratization.”<sup>16</sup> “Modern systems of communication are not so spatially bound,” he writes.<sup>17</sup> Like Whitehead, Schmitter stops short of identifying precise ways in which territorial contexts might be important for communication and diffusion. He states that “the international context is a notoriously difficult variable to pin down . . . its causal impact is often indirect, working in mysterious and unintended ways.”<sup>18</sup>

In their masterful volume on democratic transitions Juan Linz and Alfred Stepan likewise identify the importance of transnational diffusion effects. Their concept of the “international political community,” however, with its stress on the global reach of mass communications likewise shifts focus away from territorial aspects of diffusion. They do admit that a “regional hegemon” such as the European Community (*sic*) may play a “major supportive . . . role in helping a fledgling democracy in the region,” but they qualify its role as not “determinative.”<sup>19</sup>

Geographically uneven patterns of democratic outcomes are becoming increasingly difficult to ignore, however. Adam Przeworski has been strongly criticized

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<sup>15</sup> Whitehead (fn. 13), 21.

<sup>16</sup> Schmitter (fn. 14), 35.

<sup>17</sup> *Ibid.*, 38.

<sup>18</sup> *Ibid.*, 28.

<sup>19</sup> Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (Baltimore: The Johns Hopkins University Press, 1996), 74.

for suggesting earlier that geography no longer matters.<sup>20</sup> According to him, “geography, with whatever it implies, is just not enough to shape economic and political futures.”<sup>21</sup> A recent study by Przeworski and his collaborators serves as a significant corrective to this premise. They find that “the larger the proportion of democracies on the globe and in the region during a particular year, the more likely is democracy to survive in any particular country.” They too, however, highlight the methodological complications involved in “statistically distinguish[ing] different mechanisms by which the international climate becomes transmitted to particular countries.”<sup>22</sup>

Within the post-communist region in particular there is a growing recognition of geographical clustering of democratic winners and losers.<sup>23</sup> The peculiarity of these constellations is thus summarized in M. Steven Fish’s comparative study of post-communist regimes: “The West seems to prevail over the East.”<sup>24</sup> Valerie Bunce likewise notes the importance of “geography”<sup>25</sup> and the “striking intraregional contrast in post-

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<sup>20</sup> Wiarda (fn. 11), 487.

<sup>21</sup> Adam Przeworski, *Democracy and the Market* (Cambridge: Cambridge University Press, 1991), 191.

With respect to Eastern Europe, though, he writes that geography is *the* main reason why it should succeed in joining the West. *Ibid.*, 190.

<sup>22</sup> Adam Przeworski, Michael A. Alvarez, Jose Antonio Cheibub, and Fernando Limongi, “What Makes Democracies Endure?,” in Larry Diamond and Marc F. Plattner, eds., *The Global Divergence of Democracies* (Baltimore: The Johns Hopkins University Press, 2000), 171.

<sup>23</sup> For theories of post-communist democracy, see Richard Anderson, *Postcommunism and the Theory of Democracy* (Princeton: Princeton University Press, 2001).

<sup>24</sup> M. Steven Fish, “Post-Communist Subversion: Social Science and Democratization in East Europe and Eurasia,” *Slavic Review* 58 (Winter 1999), 794.

<sup>25</sup> Bunce (fn. 11, 2003).

socialist economic and political pathways,” with Central and East European countries in the West better performers than the former USSR states in the east.<sup>26</sup> While largely focusing on domestic factors in accounting for post-communist regime variations, Michael McFaul also concedes: “neighborhoods” and proximity to the West “matter.”<sup>27</sup>

Nevertheless, we have yet to take the next step in establishing precisely how regional contexts matter, empirically and theoretically, and the literature on the topic remains scarce. For example, with respect to geography, both Bunce and McFaul in their recent articles include reference to one single study—that by Jeffrey Kopstein and David Reilly, which we later discuss in detail.<sup>28</sup> This fact illustrates not omission of important sources on the part of the two scholars, but the paucity of the literature that actually exists on the subject.

M. Steven Fish identifies a major factor complicating analysis of the impact of geographical contexts. He argues that although “geographical location may well affect the cross-national variation in trajectories of democratization,”<sup>29</sup> our “empirical foundations of such prima facie conclusions” remain “shaky.”<sup>30</sup> Pointing to the overlap

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<sup>26</sup> Bunce (fn. 11, 1999), 759, 767.

<sup>27</sup> Michael McFaul, “The Fourth Wave of Democracy and Dictatorship: Noncooperative Transitions in the Postcommunist World,” *World Politics* 54 (January 2002), 242. On East-West variations in civil society development, see Ian Kubik, “How to Study Civil Society: The State of the Art and What to do Next,” *East European Politics and Societies* 19 (Winter 2005), 100.

<sup>28</sup> Kopstein and Reilly (fn. 1).

<sup>29</sup> M. Steven Fish, “Democratization’s Requisites: The Postcommunist Experience,” *Post-Soviet Affairs* 14 (July 1998), 233, 228.

<sup>30</sup> Fish (fn. 24), 794.

of geography with other factors, such as history, religion, and imperial tutelage, he argued in a footnote: “It is *impossible* [emphasis added] to separate out the possible weight of these factors.”<sup>31</sup>

This argument is valid. But what if levels of democracy are territorially uneven *within the same national context*, where variations in patterns of historical incorporation and imperial tutelage are not as substantial as between countries formerly part of distinct empires? In this case it would be possible not only to separate the impact of geography from other factors, but also to account for external diffusion influences on democratization in a way that would not be feasible by looking at the national level.

This brings us to the second shortcoming in the literature on democratization. The underestimation of territorial aspects of democratic change has not only been evident in how we look at external influences, but also in the lack of emphasis on the role of sub-national actors.<sup>32</sup> To the extent that sub-national territory has been inferred in the

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<sup>31</sup> Ibid., 797. On assessing the impact of external factors, see also George W. Breslauer, “The Impact of the International Environment: Theoretical and Methodological Considerations,” in Karen Dawisha, ed., *The International Dimension of Post-Communist Transitions in Russia and the New States of Eurasia* (Armonk: Sharpe, 1997), 7.

<sup>32</sup> But see Cecilia Chessa, “State Subsidies, International Diffusion, and Transnational Civil Society: The Case of Frankfurt-Oder and Subice,” *East European Politics and Societies* (February 2004); James Hughes, Gwendolyn Sasse, and Claire Gordon, “Saying ‘Maybe’ to the ‘Return to Europe’: Elites and the Political Space for Euroscepticism,” *European Union Politics* 3 (2002); and Henry E. Hale and Rein Taagepera, “Russia: Consolidation or Collapse?,” *Europe-Asia Studies* 54 (November 2002). For scholarship on geography as it relates to other aspects of post-communist transformation, see Michael Bradshaw and Jessica Prendergrast, “The Russian Heartland Revisited: An Assessment of Russia’s Transformation,” *Eurasian Geography and Economics* 46 (March 2005); in the same issue Andrei Treivish, “A New Russian

construction of the relevant theoretical frameworks, it has often been framed with reference to the widely cited dictum of Dankwart Rustow about prerequisites for democratization. Key among these is the general agreement on the boundaries of the state and nation.<sup>33</sup> In post-communist contexts, testimony to the influence of this premise is that the most extensively theorized territorial aspect of democratization has been the contestation of nation and state boundaries by minority ethnic groups.<sup>34</sup> The emphasis on

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Heartland: The Demographic and Economic Dimension”; Nicholas J. Lynn, “Geography and Transition: Reconceptualizing Systemic Change in the Former Soviet Union,” *Slavic Review* 58 (Winter 1999); and Fiona Hill and Clifford G. Gaddy, *The Siberian Curse: How Communist Planners Left Russia out in the Cold* (Washington: Brookings Institution Press, 2003).

<sup>33</sup> Dankwart A. Rustow, “Transitions to Democracy: Toward a Dynamic Model,” *Comparative Politics* 2 (April 1970).

<sup>34</sup> Philip G. Roeder, “People and States after 1989: The Political Costs of Incomplete National Revolutions,” *Slavic Review* 58 (Winter 1999); Donna Bahry, “The New Federalism and the Paradoxes of Regional Sovereignty in Russia,” *Comparative Politics* 37 (January 2005); Mark R. Beissinger, “How Nationalisms Spread: Eastern Europe Adrift the Tides and Cycles of Nationalist Contention,” *Social Research* 63 (Spring 1996); Mark R. Beissinger, “Nationalist Violence and the State: Political Authority and Contentious Repertoires in the Former USSR,” *Comparative Politics* 30 (July 1998); Carol Skalnik Leff, “Democratization and Disintegration in Multinational States: The Breakup of the Communist Federations,” *World Politics* 51 (January 1999); Dmitry Gorenburg, “Not With One Voice: An Explanation of Intragroup Variation in Nationalist Sentiment,” *World Politics* 53 (October 2000); David D. Laitin, *Identity in Formation: The Russian-Speaking Populations in the Near Abroad* (Ithaca: Cornell University Press, 1998); Daniel Treisman, “Russia’s ‘Ethnic Revival’: The Separatist Activism of Regional Leaders in a Post-Communist Order’,” *World Politics* 49 (January 1997); Valerie Bunce, *Subversive Institutions: The Design and the Destruction of Socialism and the State* (Cambridge: Cambridge University Press, 1999); Charles King, “The Benefits of Ethnic War: Understanding Eurasia’s Unrecognized States,” *World Politics*

ethnicity, however, shifts our focus away from other territory-specific factors, such as variations in sub-national democracy even in ethnically homogenous settings. At the same time, the modernist stress on national “boundedness” obscures the importance of territorial diffusion of external influences, which are dynamic and may serve to “unbound” national and local identities.

Both within-nation regional variations in democracy and territorially uneven external influences on it have remained marginal to the debate on democratization. Such “whole-nation bias” is not unique to studies of post-communism; it has arguably dominated much of the recent research on political and economic liberalization in various contexts. Richard Snyder has rightly cautioned that “mean-spirited” analysis whereby national-level means are used in cross-country comparative studies may distort research results.<sup>35</sup> In Mexico, for example, a national perspective on neoliberal reform would obscure the “diverse array of new institutions” at the sub-national level.<sup>36</sup> In this and other Latin American states, Jonathan Fox finds “enclaves of authoritarianism” in otherwise democratizing national contexts, while Guillermo O’Donnell urges to

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53 (July 2001); Henry E. Hale, “Divided We Stand: Institutional Sources of Ethnofederal State Survival and Collapse,” *World Politics* 56 (January 2004); Elise Giuliano, “Who Determines the Self in the Politics of Self-Determination: Identity and Preference Formation in Tatarstan’s Nationalist Mobilization,” *Comparative Politics* 32 (April 2000); Dmitry Gorenburg, *Minority Ethnic Mobilization in the Russian Federation* (Cambridge: Cambridge University Press, 2003).

<sup>35</sup> Snyder (fn. 6), 101, 98.

<sup>36</sup> Richard Snyder, “After Neoliberalism: The Politics of Reregulation in Mexico,” *World Politics* 51 (January 1999), 202.

distinguish between within-nation territorial “shades” of democracy.<sup>37</sup> In other parts of the world, such as India, Patrick Heller finds variable “quality of democracy” at the sub-national level. Generalizing to other countries, he argues that democracy can be built “from the bottom-up” even in contexts where national-level conditions may not be favorable to democratization.<sup>38</sup> Most famously, Robert Putnam persuasively argues how local contexts determine whether democracy works or not.<sup>39</sup>

The world’s biggest country, Russia is a good laboratory for exploring sub-national democratic change. Scholars now point to substantial disparities in levels of regional democracy—from variations in political party development—to variable local government strength and independence—to different levels of maturity of civil society and social capital.<sup>40</sup> Explanations for these variations, however, have largely been sought

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<sup>37</sup> Jonathan Fox, “Latin America’s Emerging Local Politics,” *Journal of Democracy* 5 (April 1994); Guillermo O’Donnell, *Counterpoints: Selected Essays on Authoritarianism and Democratization* (Notre Dame: University of Notre Dame Press, 1999).

<sup>38</sup> Patrick Heller, “Degrees of Democracy: Some Comparative Lessons from India,” *World Politics* 52 (July 2000), 517.

<sup>39</sup> Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993). See also Juan J. Linz and Amando de Miguel, “Within-Nation Differences and Comparisons: The Eight Spains,” in R. L. Merritt and S. Rokkan, eds., *Comparing Nations: The Use of Quantitative Data in Cross-National Research* (New Haven: Yale University Press, 1966).

<sup>40</sup> Grigorii Golosov, *Political Parties in the Regions of Russia: Democracy Unclaimed* (Boulder: Lynne Rienner, 2004); Henry Hale, “Why not Parties? Electoral Markets, Party Substitutes, and Stalled Democratization in Russia,” *Comparative Politics* 37 (January 2005); Tomila V. Lankina, *Governing the Locals: Local Self-Government and Ethnic Mobilization in Russia* (Lanham: Rowman and Littlefield, 2004); Kathryn Stoner-Weiss, *Local Heroes: The Political Economy of Russian Regional Governance*

in domestic contexts. Although some studies now distinguish between more versus less “Westernized” regions,<sup>41</sup> we have yet to establish causal relationships between a “Western” exposure and local political outcomes.

A geographic incrementalist theory makes a specific link between the two variables, external and sub-national in highlighting their combined impact on democracy in the polity as a whole through processes of territorial diffusion and targeted aid.<sup>42</sup> The

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(Princeton: Princeton University Press, 1997); Jeffrey W. Hahn, “How Democratic are Local Russian Deputies?,” in Carol R. Saivetz and Anthony Jones, eds., *In Search of Pluralism: Soviet and Post-Soviet Politics* (Boulder: Westview, 1994); Sarah L. Henderson, *Building Democracy in Contemporary Russia: Western Support for Grassroots Organizations* (Ithaca: Cornell University Press, 2003); Robert W. Orttung, *From Leningrad to St. Petersburg: Democratization in a Russian City* (New York: St. Martin's, 1995); Marie Mendras, “How Regional Elites Preserve Their Power,” *Post-Soviet Affairs* 15 (1999); Nikolai Petrov, “Regional Models of Democratic Development,” in Michael McFaul, Nikolai Petrov, and Andrei Ryabov, eds., *Between Dictatorship and Democracy: Russian Post-Communist Political Reform* (Washington: Carnegie Endowment for International Peace, 2005); Vladimir Gelman, Sergei Ryzhenkov, Michael Brie, Boris Ovchinnikov, and Igor Semenov, *Making and Breaking Democratic Transitions: The Comparative Politics of Russia's Regions* (Lanham: Rowman and Littlefield, 2003); Nicolai N. Petro, *Crafting Democracy: How Novgorod has Coped with Rapid Social Change* (New York: Cornell University Press, 2004).

<sup>41</sup> Petrov (fn. 40).

<sup>42</sup> On external and sub-national interactions, see Ivo D. Duchacek, “Perforated Sovereignities: Towards a Typology of New Actors in International Relations,” in Hans J. Michelmann and Panayotis Soldatos, eds., *Federalism and International Relations: The Role of Subnational Units* (Oxford: Clarendon, 1990). On how regionalism relates to globalization, see also Liesbet Hooghe and Gary Marks, “Multi-Level Governance and European Integration,” in Gary Marks, ed., *Governance in Europe* (Lanham: Rowman and Littlefield, 2001).



theory presupposes the existence of a powerful regional player, which could be one country or a union of states adhering to core democratic values. Inevitably, there will be greater intensity of movement of people, goods, information, ideas, and technologies between this player and neighboring sub-national localities than those with a more remote location.<sup>43</sup> The “naturalness” of these processes, which may have both negative and positive effects for adjacent territories, in turn forces governments to pursue regionally *targeted* policies aimed at either facilitating or curbing such exchanges, or at improving governance in a given neighboring unit to reduce the negative spillover effects from “problem” neighbors. A combination of the “spontaneous” diffusion policies and targeted efforts will contribute to the development of geographically uneven patterns of change in one “neighborhood” country.

As key Western player on the Eurasian landmass, the EU provides ample material for testing the theory. The EU project is premised upon the importance for democracy of both the “spontaneous” interactions of broader publics that serve to affirm a core set of democratic values, theorized by Karl Deutsch, and the targeted policies of carrot and stick aimed at national governments, known as conditionality.<sup>44</sup> Studies of post-communist countries that have already acceded to the EU testify to its impact on national

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<sup>43</sup> For a discussion, see Michael Keating, “Regions and International Affairs: Motives, Opportunities and Strategies,” in Francisco Aldecoa and Michael Keating, eds., *Paradiplomacy in Action: The Foreign Relations of Subnational Governments* (London: Frank Cass, 1999).

<sup>44</sup> Karl W. Deutsch, *Political Community at the International Level: Problems of Definition and Measurement*, (Garden City: Doubleday, 1954). See also Jürgen Habermas, “Toward a Cosmopolitan Europe,” *Journal of Democracy* 14 (October 2003).

government policies and legal and institutional frameworks.<sup>45</sup> The possible impact of the EU on domestic developments of non-candidate countries, even at a national level, however, has not been studied in any extensive fashion. The EU's effects on sub-national democracy levels in these states have been all but neglected. In the following sections we seek to correct these important omissions by testing our theory in Russian regional settings.

*“Stocks” and “Flows” and Measures of Democracy*

In constructing an analytical framework for testing the theory, we draw on the Kopstein and Reilly *World Politics* article on geographic diffusion, which is undoubtedly one of the most interesting statements on the importance of geography and its impacts on post-communist democratic reform.<sup>46</sup> Our analysis does not replicate that of Kopstein and Reilly, given the differences in the availability of regional, as opposed to national level statistics in Russia, as well as in our line of argumentation. Another difference with their analysis is that we examine regional performance in relation to geographical proximity to just one set of external actors, West European democracies. Finally, we refine their method by constructing an original dataset of EU projects conducted in Russia's regions as a measure of sub-national level *targeted* aid. This is meant to

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<sup>45</sup> Milada Vachudová, *Europe Undivided: Democracy, Leverage, and Integration after Communism* (Oxford: Oxford University Press, 2005).

<sup>46</sup> Kopstein and Reilly (fn. 1). Kopstein and Reilly also include a reference to “circumstance,” which in addition to “choice” has an impact on flows.

supplement the *spontaneous* diffusion measures and extend the analysis beyond the national level.

Kopstein and Reilly sought to explain the divergent reform outcomes of post-communist states based on their geographic location. They found strong correlation between political performance and geographical distance from the West.

Drawing insights from diffusion theories, they also distinguish between “stocks” and “flows,” with stocks representing “the assets, liabilities, or general qualities of a given unit, ... [which] may be physical, political, economic, or cultural,” while “flows represent the movement of information and resources between countries.” Even if a country is favorably endowed with a certain “spatial stock,” such as a geographic location close to a Western democracy, “choice” might affect a given state’s degree of openness to external “flows.” “Choice” refers to decisions that states and individuals make with regard to opening or closing themselves to the outside world, and the willingness of external actors to influence them. Examples of favorable “choices” would be EU leaders’ decision to invite a given country to join the Union, and the willingness of candidate countries to open themselves up to EU influences when faced with such prospects. The processes of diffusion or “flows” are therefore not unidirectional, are interactive in nature, and are affected not only by “stocks,” but also by conscious choices of individuals at both external and domestic levels.<sup>47</sup>

In order to measure flows they construct an “openness” criterion, which examines domestic actor receptivity to external influences. The *World Development Indicators* that they use are number of televisions; newspaper circulation; outgoing international

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<sup>47</sup> Ibid., 13.

telecommunications; international inbound tourism; foreign direct investment; and international trade. They find that openness is positively correlated with political and economic reform.<sup>48</sup>

Kopstein and Reilly then construct a more complex measure of “stocks.” They suggest that “friends and neighbors” impact on neighboring states in ways that make them more similar to one another in terms of behavioral patterns.<sup>49</sup> States, they find, form clusters of entities with similar levels of political and economic freedoms, with the democratic promoters located in the West and those with a trend to autocracy in Central Asia.

Russia, curiously, in their analysis, emerges as not belonging to any cluster. They explain away this fact by suggesting that similar to other “remnant cores of formerly imperial powers,” it is “especially impervious to outside influences.”<sup>50</sup> Fascinating as their arguments are with regard to spatial influences on domestic outcomes, they contain a puzzling contradiction, one that is in line with the whole-nation bias of the literature on democratization. While Kopstein and Reilly take as a starting point that location matters, they regard a country that spans eleven time zones, and is the largest in terms of the landmass that it covers, as *one* single unit of analysis. In other words, it does not appear to make a difference for their study whether one is in the Northern metropolis of St. Petersburg, in Siberia’s city of Chilym, or in the Far East’s town of Anadyr.

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<sup>48</sup> Ibid., 15.

<sup>49</sup> Ibid., 18.

<sup>50</sup> Ibid., 21.

Clearly, if geography matters, then we should factor the variable and spatially uneven “friends and neighbors” democratizing effects on sub-national areas into the analysis of “stocks” and “flows.”

Like Kopstein and Reilly, we hypothesize that proximity to West European democracies has a positive impact on regions located closest to them, and that this effect could be assessed by looking at trends in changes in openness and democracy over time. Our measure of distance or location “stock” is the number of kilometers between the closest capital of an established European democracy, Finland’s Helsinki, and that of a regional capital of each of Russia’s eighty-nine regions.

In order to calculate “flows,” or the measure of openness, we created aggregate scores consisting of a range of sub-indicators related to trade, foreign investment, newspaper readership, and telecommunications.<sup>51</sup> The measures are similar to those of Kopstein and Reilly, but also share the same validity limitations. Most of the sub-indicators are classical measures of modernization and socio-economic development, and there is a high correlation between them and urbanization. The approach is therefore vulnerable to criticism that it would be hard to disentangle the effects of “flows” from standard modernization explanations of democratization. We explicitly acknowledge this limitation. We address it in our analysis by controlling for other modernization aspects, such as urbanization, and establishing that our results, though sensitive to model specification, still hold. We prefer to use the concept of “flows” as opposed to “modernization” because we analytically link it to “stocks” i.e., location, thereby also disentangling external effects from domestic factors. We hypothesize that “stocks,” i.e.,

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<sup>51</sup> Data on international tourism for the regions was not available from *Goskomstat*.

proximity to West European democracies, determines the speed and nature of “flows.” As such, we add an external and geographically focused dimension to our understandings of democratization, absent in classical modernization approaches.

The most complete data for the widest range of the relevant sub-indicators was only available for the years 1999-2002. This complicated an assessment of longer-term time trends. We therefore constructed additional openness scores composed of a smaller range of sub-indicators, but covering earlier years. We then conducted a reliability test, which turned out to be highly significant for all the scores. This allowed us to rely on the score with wider year coverage as a proxy for the more inclusive openness score in conducting data analysis. The more inclusive openness scores were also used in other tests, which did not require wider year coverage. Detailed procedures for calculating the scores, as well as the results of the reliability test, are contained in Appendix 1.

We take the data on regional political democratization from the expert evaluation indexes that Nikolay Petrov and his collaborators compiled using the Freedom House method.<sup>52</sup> These scholars composed one aggregate democracy score for 1991-2001. The score was calculated by asking a panel of experts to examine developments in the regions for all these years and assign scores on a five-point scale to each of the ten spheres that were deemed important for assessing the overall democracy climate in the regions. For

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<sup>52</sup> This is based on Moscow Carnegie Center’s project on socio-political monitoring of the regions and modeled on Freedom House surveys of democracy. Petrov (fn. 40), 242-47. Results compiled by Nikolay Petrov and Aleksey Titkov are available from the website of the Independent Institute of Social Politics, [http://atlas.socpol.ru/indexes/index\\_democr.shtml](http://atlas.socpol.ru/indexes/index_democr.shtml) (accessed September 20, 2006). The “moving average” time periods were also selected to correspond with the federal electoral cycles for the periods of 1999-2003 and 2000-2004.

example, judicial independence was assessed by looking at court cases covering all these years. These ten scores were then added up to form the overall democracy score, with the lowest possible score being ten and the highest fifty. They used this technique to register temporal changes in a more systematic way starting from 1999, by creating “moving average” scores for 1999-2003 and 2000-2004. The experts would make annual adjustments to each of the ten sub-indicators based on shifts in the respective spheres however they chose to use a moving average method, rather than year by year indicators. This is because a major change in one year, such as gubernatorial election and turnover in one region may substantially affect the overall score and would present an inaccurate picture unless subsequent gubernatorial elections in later years in other regions are factored in. This technique, also called the “exponentially mapped past average,” is most commonly used to reduce stochastic noise effects, which might otherwise complicate the uncovering of underlying trends.<sup>53</sup> The average is adjusted to eliminate cyclical variations, which reduces random fluctuations. A detailed description of the democracy index is in Appendix 2.<sup>54</sup> Figure 1 is a good visual presentation of democracy levels and variations based on Petrov’s scores.

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<sup>53</sup> Jianqing Fan and Qiwei Yao, *Nonlinear Time Series: Nonparametric and Parametric Methods* (New York: Springer, 2003), 217; <http://members.aol.com/wsiler/chap13.htm> (accessed July 15, 2006).

<sup>54</sup> The scores for “democratization” or “democracy” as applied to regional contexts were used in relative terms. Petrov’s method does not imply that regions at the top of the ranking are necessarily democracies, but that relative to other regions they have higher levels of political pluralism, electoral competitiveness, media freedom, economic liberalization, civil society, judicial independence, elite turnover, and so forth. “Competitive authoritarianism” may capture well the political processes in many of Russia’s regions. Steven Levitsky and Lucan A. Way, *Competitive Authoritarianism: Hybrid Regime Change in Peru and*

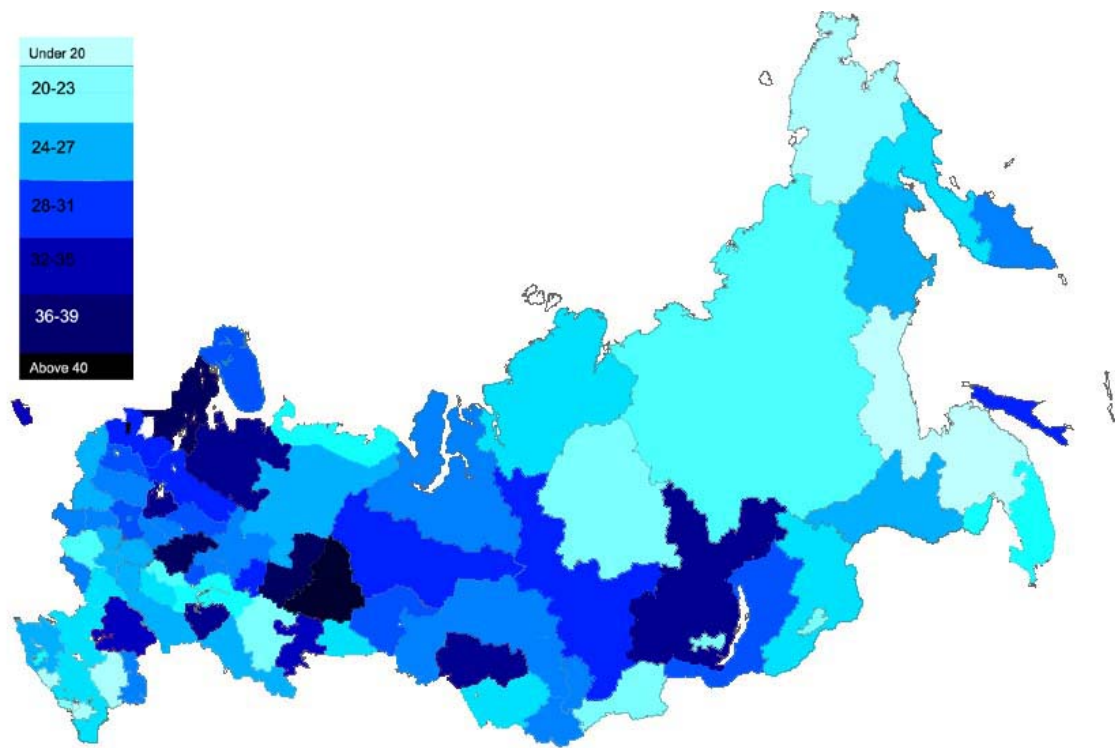


Figure 1: Map of regional democracy based on Petrov's scores.

We begin the analysis of these variations by establishing basic correlation patterns between the distance, openness, and democracy variables before aid is factored in, and trends over time are explored in a more systematic fashion. Initial tests between the 1999 openness score,<sup>55</sup> and the moving average democracy scores for 1999-2003 and 2000-2004, reveal a strong positive correlation. There is also a correspondence between a favorable location “stock” and levels of regional openness, with the more distant location negatively associated with levels of openness. The more Western regions are also better

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*Ukraine in Comparative Perspective*, Studies in Public Policy, no. 355 (Strathclyde: Center for the Study of Public Policy, University of Strathclyde, 2001).

<sup>55</sup> I.e., allowing a one year lag.



democratic performers. These results are presented in Table 1. While they tell us little about the actual direction of causality and the significance of other factors that might be at work, they are a first step in creating a model for assessing the impact of external factors on democracy.

Table 1\*  
Distance, Democracy, and Openness

	Democracy, 1999-03	Democracy, 2000-04	Distance from Helsinki
Openness 1999***	.595**	.595**	-.386**
Sig. (2-tailed)	.000	.000	.000
Distance from Helsinki	-.281**	-.280**	1.000
Sig. (2-tailed)	.008	.008	
N = 88			

\* Here and in Tables 3 and 4 Chechnya has been excluded due to missing data.

\*\* Correlation is significant at the .01 level.

\*\*\* The 1999-2003 openness score was used.

### *Geography, Aid, and Democracy*

Our next step is to factor the impact of Western aid into the analysis since diffusion is just one dimension of Western influences, and “flows” may not automatically translate into greater democracy. Political reform is often a product of decisions of domestic elites or pressure of foreign governments and politicians.<sup>56</sup>

As is well known, Russia’s prospects for EU membership have always been dim, while President Putin’s “managed democracy”<sup>57</sup> has done little to improve them.<sup>58</sup>

<sup>56</sup> Kopstein and Reilly (fn. 1), 28-30.

<sup>57</sup> Timothy J. Colton and Michael McFaul, *Popular Choice and Managed Democracy: The Russian Elections of 1999 and 2000* (Washington: Brookings Institution Press, 2003).

<sup>58</sup> See *Communication from the Commission to the Council and the European Parliament on Relations with Russia, February 9, 2004*,

Nevertheless, over the last fifteen years, the EU has provided substantial volumes of aid to Russia,<sup>59</sup> over 2.6 billion Euros, within the framework of the Technical Assistance to the Commonwealth of Independent States, (TACIS) program, aimed at “promot[ing] the transition to a market economy and . . . reinforc[ing] democracy and the rule of law.”<sup>60</sup>

The EU’s pursuit of these objectives is consistent with its external relations priorities of a “normative power.”<sup>61</sup> The security of the Union itself is of course an important objective in EU external aid policies. This objective is linked with democracy promotion however, the assumption being that peace and economic prosperity of the Union is enhanced when its neighbor shares with it fundamental democratic values.

How does the EU select the agencies that it funds as part of this agenda among a plurality of recipient regions? Two key criteria can be identified from an examination of EU funding documents. The first could be summarized as “geography matters”: In what the EU refers to as the “proximity agenda,” it tends to allocate large volumes of aid to neighboring developing and post-communist countries. In the Russian context, aid to sub-national regions located in geographical proximity to the EU has become an increasingly

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[http://ec.europa.eu/comm/external\\_relations/russia/russia\\_docs/com04\\_106\\_en.pdf](http://ec.europa.eu/comm/external_relations/russia/russia_docs/com04_106_en.pdf) (accessed September 20, 2006). See, however, David Gowan, *How the EU Can Help Russia* (London: Centre for European Reform, 2000), 43-44.

<sup>59</sup> The EU spends a large share of overall aid on democratic assistance. In 1990-1999, it amounted to 19 percent. Mendelson and Glenn (fn. 3), 6.

<sup>60</sup> See [http://europa.eu.int/comm/external\\_relations/russia/intro/](http://europa.eu.int/comm/external_relations/russia/intro/) (accessed February 15, 2006). See Appendix 2 for a discussion of the democracy component of EU aid.

<sup>61</sup> Hiski Haukkala, “The Relevance of Norms and Values in the EU’s Russia Policy,” Working Paper, no. 52 (Helsinki: The Finnish Institute of International Affairs, 2005), 5.

important aspect of this wider objective. This proximity agenda has been in turn influenced by Russia's closest neighbors in the EU.

Policy-makers in Brussels would be hard-pressed to admit that Russia's Western regions are now in Europe's focus, and prefer to speak of their "partnership" with the country as a whole. Nevertheless, what started off in the early 1990s as a program to assist the whole of Russia, as well as CIS states with weak or no prospects for EU membership, has over the years increasingly acquired a Western, and Northern, regionally focused dimension. The Nordic states, Finland in particular, but also Sweden and Denmark, have been influential in this politics of *bon voisinage*.<sup>62</sup> The Cold War era marginal status of these countries as Europe's Nordic periphery has given way to their increasing assertiveness in setting Europe's agenda vis-à-vis her Eastern neighbors. A liberal focus on "soft," rather than hard, security issues, characteristic of their involvement in world affairs in general, now became their trademark feature in relations with Russia. Such post-modern jargon as the "de-bordering" of borders and the "de-othering" of others now peppered the discourse of their politicians shaping policy vis-à-vis Russia.<sup>63</sup> The whole concept of border was in fact argued to be the product of long

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<sup>62</sup> Concept employed in Alan Henrikson, "Facing across Borders: The Diplomacy of Bon Voisinage," *International Political Science Review* 21 (April 2000).

<sup>63</sup> Thomas Diez, "Europe as a Discursive Battleground: Discourse Analysis and European Integration Studies," *Cooperation and Conflict* 36 (March 2001), 11. On Nordicness, see Pirjo Jukarainen, "Norden is Dead – Long live the Eastwards Faced Euro-North: Geopolitical Re-making of Norden in a Nordic Journal," *Cooperation and Conflict* 34 (December 1999). On Nordic discourse, see Christopher S. Browning, "Coming Home or Moving Home? 'Westernizing Narratives in Finnish Foreign Policy and the Reinterpretation of Past Identities,'" *Cooperation and Conflict* 37 (March 2002); Viatcheslav Morozov,

dated *Realpolitik* conceptions of the world, and is to be replaced with greater stress on the fuzzier “boundary” or “frontier.”<sup>64</sup>

These conceptions became more salient after the latest round of accession of new states to the EU. With the membership of Poland, Estonia, Latvia, and Lithuania, Europe also acquired a Russian exclave, Kaliningrad, and miles of shared borders with other Northwestern regions. The recognition that “the wild East begins just across the border” did not simply lead Europe to wall itself off against the problem neighbor.<sup>65</sup>

Environmental pollution does not recognize political boundaries or security checkpoints, nor do crime or HIV/AIDS or tuberculosis. Addressing these issues of common concern requires support for democratic institutions on the other side of the border, such as free media, civil society organizations, an independent judiciary system, and transparent and responsive local and regional governments. The EU’s most recent European

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“Russia in the Baltic Sea Region: Desecuritization or Deregionalization?,” *Cooperation and Conflict* 39 (September 2004). On the role of Nordic states in world affairs, see Christine Ingebritsen, “Norm Entrepreneurs: Scandinavia’s Role in World Politics,” *Cooperation and Conflict* 37 (March 2002).

<sup>64</sup> While border is “an unambiguous concept referring to territorial, geographic and recognizable borders of the union defined by membership,” the “boundaries differ as extension of boundaries does not require widening the union but application of governance patterns below the membership line.” Mette Sicard Filtenborg, Stefan Gaenzle, and Elisabeth Johansson, “An Alternative Theoretical Approach to EU Foreign Policy: ‘Network Governance’ and the Case of the Northern Dimension Initiative,” *Cooperation and Conflict* 37 (December 2002), 394, 389.

<sup>65</sup> Reference to article that appeared in Helsingin Sanomat. Browning (fn. 63), 57. “The Wild East” reference also appeared in the book by Victor M. Sergeev, *The Wild East: Crime and Lawlessness in Post-Communist Russia* (London: Sharpe 1998).

Neighborhood Policy, which replaces TACIS with a new set of funding programs, has further reinforced the regional and frontier dimension of EU aid.<sup>66</sup>

The second important EU criterion could be labeled “rewarding good achievers.” “Commitment to reform is critical to TACIS performance and should be rewarded,” stated one recent EU document for example, urging “greater selectivity of assistance, [and] focusing on areas with proven reform commitment.”<sup>67</sup>

If these criteria do apply to sub-national territories, then they might turn out to be conflicting in practice. What if a region with “proven reform commitment” is not exactly located in the EU’s neighborhood, while one lacking such commitment is right on the

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<sup>66</sup> See [http://europa.eu.int/comm/world/enp/policy\\_en.htm](http://europa.eu.int/comm/world/enp/policy_en.htm) (accessed February 11, 2005). On the Northern Dimension, see Christopher S. Browning, “Competing or Complementary Policies? Understanding the Relationship between the NEI and NDI,” Working Paper (Copenhagen: Copenhagen Peace Research Institute, 2002); and Peer H. Lange, “Die Nördliche Dimension: Europäische Energie Versorgung und Sicherheit,” *Internationale Politik* 1 (January 2001). The US under Clinton came up with a similar initiative. See Christopher S. Browning, “A Multi-Dimensional Approach to Regional Cooperation: The EU States and the Northern European Initiative,” *European Security* 10 (Winter 2001). On approaches to security in the region, see Clive Archer, “Nordic Swans and Baltic Cygnets,” *Cooperation and Conflict* 34 (March 1999); Hans Mouritzen, “Security Communities in the Baltic Sea Region,” *Security Dialogue* 32 (September 2001); Hans-Joachim Spanger, “Moral versus Interesse? Die Ambivalenz westlicher Demokratiehilfe für Rußland,” *Osteuropa* 52 (July 2002).

<sup>67</sup> [http://europa.eu.int/comm/external\\_relations/consultations/cswp\\_tacis.htm](http://europa.eu.int/comm/external_relations/consultations/cswp_tacis.htm) (accessed February 15, 2006). For an in-depth analysis of EU aid motives in Russia’s regions as they relate to other factors, such as foreign investment, see Tomila Lankina, “Explaining European Union Aid to Russia,” *Post-Soviet Affairs* 21 (December 2005).

EU's border? An examination of EU aid allocation to Russia's regions helps address these questions.

A mere glance at the map of TACIS local support offices (LSOs) hints at the territorially uneven patterns of aid flows (Figure 2). Of the nine LSOs, four are located in Russia's Northwest, and none of the others are much further than Western Siberia. If the location of these bureaus is any indication of the EU's view of Europe, it is one stretching from Atlantic to the Urals, and not—all the way to Vladivostok.<sup>68</sup>



<sup>68</sup> On geographic conceptions of Europe, see Mark Webber, ed., *Russia and Europe: Conflict or Cooperation?* (London: Macmillan, 2000); Iver B. Newmann, *Russia and the Idea of Europe: A Study in Identity and International Relations* (London: Routledge, 1996); Iver B. Newmann, *Uses of the Other: The "East" in European Identity Formation* (Minneapolis: University of Minnesota Press, 1999); William Wallace, "From the Atlantic to the Bug, from the Arctic to the Tigris? The Transformation of the EU and NATO," *International Affairs* 76 (July 2000); and in the same issue Vladimir Baranovsky, "Russia: A Part of Europe or Apart from Europe?"

Figure 2: Map, TACIS LSOs.

Figure 3 shows that recipients are largely clustered in Russia's Northwest, and, to a lesser extent Central, Volga-Urals, and West Siberian regions. Only a tiny number of projects were conducted in the Southern Federal District, and aid to the Far East was virtually non-existent. There is therefore a very strong geographical, Western, dimension to EU aid, with aid thinning out as we move southwards and eastwards.<sup>69</sup>

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<sup>69</sup> The first projects were conducted in 1992. Numbers of projects conducted by year: 1992: 31; 1993: 49; 1994: 81; 1995: 88; 1996: 90; 1997: 108; 1998: 135; 1999: 91; 2000: 53; 2001: 119; 2002: 124; 2003: 89; 2004: 58; 2005: 2. Source: compiled by author from project data available from <http://62.38.207.105/tacis/en/index.asp> <http://www.tacis-lso-rf.org/en/objectives.asp> (accessed November 15, 2005). Project data for 2003-2005 suggests that there have been fewer projects. Alexander Berdino, head of the Petrozavodsk LSO maintained that there is often a time lag before data on projects in a given LSO are added to the TACIS website database. His data for Petrozavodsk LSO show that projects running in 2004-2005 (18) are consistent with averages for the last years. Tacis funding instruments for Russia are currently being restructured however, it would not be reflected in the 2003-2005 data because these projects had been approved earlier. Author interview, Petrozavodsk, January 18, 2006.

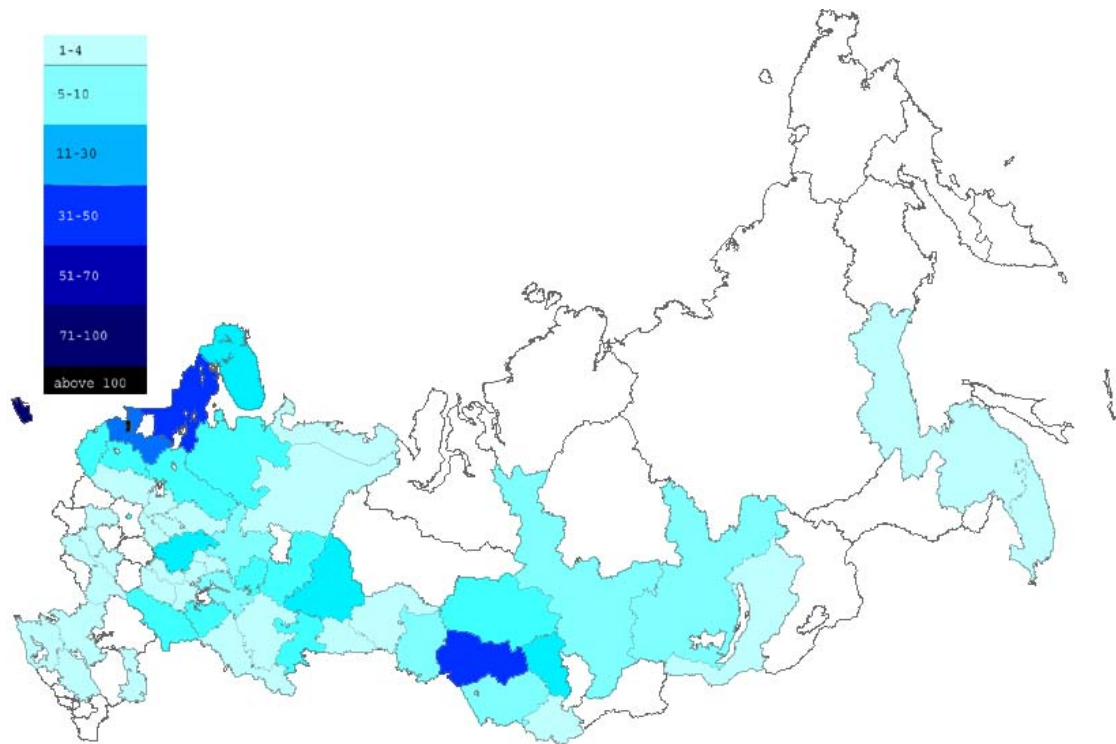


Figure 3: Map, density of EU aid. The map key indicates numbers of projects conducted in the respective regions, 1992-2005.

Interestingly, some of the more remote regions have been beneficiaries of substantial volumes of aid. Table 2 indicates that if a region has a Northwest location, it is likely to obtain a large volume of funding even if it does not have the highest democracy scores. By contrast, the non-Northwest Federal District recipient regions are usually high democratic achievers relative to other regions.<sup>70</sup> So the “geography matters”

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<sup>70</sup> Petrov (fn. 40). Aspects of democratic development, such as openness and capacity of NGOs are often themselves products of Western aid. Henderson (fn. 40); Mendelson and Glenn (fn. 3); Lisa McIntosh Sundstrom, “Strength from Without? Transnational Actors and NGO Development in Russia” (Ph.D. Diss., Stanford University, 2001); author interview with Venedikt Dostovalov and Nadejhda Donovskaya, NGO Veche, Pskov, August 27, 2004. Other studies also found similar patterns of aid going to areas that are



criterion becomes less important when the EU wants to reward “good achievers” in the more remote regions. Even in this case, though, project activity in the “more remote” regions does not extend much further beyond Western Siberia. At the same time, “rewarding good achievers” is not uniformly applied in locations where “geography matters.”<sup>71</sup>

Table 2  
Regions with Largest Number of Projects, Their Per Capita Volume,  
Democracy Ranking, and Location

<i>Region</i>	<i>Number of Projects</i>	<i>Cumulative Aid Per Capita, 1992-2005 (Euros)</i>	<i>Democracy Ranking</i>	<i>Border Status / Northwest (NW) or Other Federal District (FD)</i>
St. Petersburg	262	25.89	1	Border NW FD
Kaliningrad	83	49.38	12	Border NW FD
Novosibirsk	53	18.08	8	Siberia FD
Karelia	52	55.36	3	Border NW FD
Leningrad	47	12.60	18	Border NW FD
Nijegorodskaya	27	3.54	5	Volga FD
Murmansk	24	18.30	24	Border NW FD
Sverdlovsk	24	4.90	2	Urals FD
Kemerovo	21	9.81	41	Siberia FD
Perm	20	2.10	4	Volga FD
Pskov	19	2.42	46	Border NW FD
Arkhangelsk	17	3.26	6	Non-Border NW FD
Novgorod	16	1.72	25	Non-Border NW FD
Moscow City	16	.30	27	Central FD

relatively well off. Kees Biekart, *The Politics of Civil Society Building: European Private Aid Agencies and Democratic Transitions in Central America* (Utrecht: International Books, 1999), 298.

<sup>71</sup> On aid motives, see Joseph Jupille, James A. Caporaso, and Jeffrey T. Checkel, “Integrating Institutions: Rationalism, Constructivism, and the Study of the European Union,” *Comparative Political Studies* 36 (February/March 2003); in same issue Frank Schimmelfennig, “Strategic Interaction in a Community Environment: The Decision to Enlarge the EU to the East”; and Peter J. Schraeder, Steven W. Hook, and Bruce Taylor, “Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows,” *World Politics* 50 (January 1998).

Udmurtiya	15	1.30	14	Volga FD
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Simple bivariate exercises presented in Table 3 suggest that if we take total aid volumes in both gross and per capita terms for all the years, the further we move from the West, the less likelihood there is of a region obtaining EU aid. This relationship is not very strong, however. Moreover, if we divide aid into smaller, three-year sub-periods, we also see differences over time in the significance of relationship between distance and aid. This discrepancy is probably due to the simple fact that three years may be too short a term for making solid inferences about time trends. Still, on balance, the results confirm that distance alone does not affect aid flows, though the strong correlation between distance and gross aid volumes for the later, 2000-2003, sub-period, does suggest a recent trend towards greater role of proximity.

Table 3  
Distance and Aid Volumes, Per Capita and Gross,  
Total and by Three-Year Sub-Periods

	Distance from Helsinki	Sig. (2-tailed)
<b>Aid per capita, 1992-05</b>	-.227**	.034
Aid per capita, 1992-95	-.208	.052
Aid per capita, 1996-99	-.196	.067
Aid per capita, 2000-03	-.198	.064
<b>Gross aid, 1992-05</b>	-.211*	.048
Gross aid, 1992-95	-.150	.163
Gross aid, 1996-99	-.198	.066
Gross aid, 2000-03	-.302**	.004
N = 88		

\* Correlation is significant at the .05 level.

\*\* Correlation is significant at the .01 level.

The results of bivariate exercises presented in Table 4 confirm that prior regional democracy levels have a strong positive association with aid levels: “good achievers” do get rewarded.

Table 4  
Impact of Democracy on Aid Allocation

	Democracy, 1991-01	Sig. (2-tailed)
Aid per capita, 2002-05	.332**	.002
Gross aid, 2002-05	.496**	.000
N = 88		

\*\* Correlation is significant at the .01 level.

Project records also indicate that the Muslim republics in the Volga-Urals and Southern areas of Russia cooperated in very few projects, with the North Caucasus republics in particular standing out for the virtual absence of TACIS regional aid. An important factor militating against simplistic culturalist explanations of these aid choices is that republics with large or predominantly Muslim populations also have some of the lowest intra-regional democracy ratings.<sup>72</sup> In Petrov's democracy indexes for 1991-2001, all but two of the Muslim entities rank among the bottom twenty regions. If democracy is the driver behind EU's involvement in a geographically remote region, then it might explain these aid patterns.

Given the geographically uneven nature of aid, of diffusion processes from the West, and the plurality of domestic factors that could be affecting regional democracy, how do we begin to uncover the mechanisms that might be at work?

### *The Model*

In order to explore how aid and a region's geographical location affect democracy over time, we conducted analysis using population averaged panel data models on the

<sup>72</sup> Petrov (fn. 40). On Islam and political authority patterns worldwide, see M. Steven Fish, "Islam and Authoritarianism," *World Politics* 55 (October 2002).

regions. Because we only have two-period data for the dependent variable, democracy, our panel is made of two-period observations for each region. In particular, we have two moving average democracy scores covering the years 1999-2003 and 2000-2004. We label these data points as 1999 and 2000, for convenience. Ten regions were excluded from analysis: Chechnya and nine autonomous territories whose administrative status changed in the course of the 1990s and for which limited data were available.<sup>73</sup> The number of groups after excluding the above regions is seventy-nine. Therefore, the panel data has 158 observations.

The independent variables in the panel seek to capture both the key domestic factors arguably affecting democratization, such as urbanization and religion, and external ones, such as aid per capita and distance, as well as openness, which is conceptually linked to both of these factors. These variables include two time invariant variables and three time variant ones. We experimented with different time lags, lagging the time variant variables by two, three, and four years, with values going back to 1997, 1996, and 1995, respectively. The first time invariant regressor is a dummy variable for “Muslim republics,” which takes a value of 1 if a region’s titular group (i.e., Tatars in Tatarstan, Bashkirs in Bashkortostan, etc.) is predominantly Muslim and 0 otherwise. “Distance from the West” is the second time invariant variable. The three time variant variables are urbanization—which is among the key domestic factors that scholars have put forward to explain regional democracy levels—openness, and EU aid.

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<sup>73</sup> Aginsk-Buryatsk, Komy-Permyak, Nenetsk, Taymyr-Dolgano-Nenetsk, Ust-Orda-Buryat, Evenk, Yamalo-Nenetsk, Khanty-Mansiysk, Koryak Autonomous Districts.

The time variant variables were lagged to avoid problems of endogeneity as they are used to explain democracy outcomes in 1999 and 2000. In particular, the lags were constructed on the assumption that each variable takes time to have an effect on democratic outcomes. For instance, the cumulative effect of aid on democracy takes time, at least two years, such that aid allocated in 1997, calculated as explained below, affects democracy in 1999, and aid in 1998 affects democracy in 2000, with the same pattern holding for the other time variant variables. Similar logic applies to the three and four year lags.

The impact of aid was calculated by constructing four year moving averages for aid per capita. Thus, the 1997 two year lagged value is based on the 1994-1997 average of per capita volume of aid, the 1996 three year lagged value—on the 1993-1996 average of per capita volume of aid, and the 1995 four year lagged value—on the 1992-1995 average of per capita volume of aid. The logic behind this calculation is that aid volumes may vary substantially from year to year. A moving average therefore provides a more accurate picture of aid trends over time. In addition, because aid has a cumulative effect, it is the average volumes of aid in per capita terms allocated up until a certain year that have an impact on democracy, rather than just the volume of aid in one particular year. The 1998 two year lagged value is in turn based on the 1995-1998 average aid per capita, the 1997 three year lagged value—on the 1994-1997 average aid per capita, and the 1996 four year lagged value—on the 1993-1996 average aid per capita.

The panel structure of the data yields information from variation within a panel, in this case a region, as well as across panels or regions. In general, panel data estimators avoid the shortcomings of traditional regression methods such as OLS, which ignore

intra- or within-panel correlation. OLS treats all observations as independent and underestimates the variance of estimated group effects, when repeated measures are obtained on the same unit over a number of years.

Various panel data methods overcome such shortcomings and provide estimates of the effects of independent variables that vary over time within a region as well as across regions. These include within or fixed effects, random effects and between estimators. The between estimator uses panel averaged values and does not consider within panel variation. Therefore, we do not consider this estimator. The within or fixed effects estimator is used when unobserved region effects may be correlated with the independent variables. Within estimation, however, does not allow the inclusion of time invariant regressors, which are important in our model. In addition, when between or across region variation is very important, the within estimator that produces correct estimates will be highly inefficient and, thus, not meaningful. The random effects estimator produces correct, in the sense of being consistent, estimates that are more efficient if panel effects are uncorrelated with regressors. This condition, however, may not hold up.

As an alternative to both of these approaches, we can consider the population-averaged estimator, also known as the General Estimating Equations (GEE). This estimator also controls for effects that are due to unobserved region specific effects as well as within-region correlation. Unlike the random and fixed effects estimators, however, GEE accounts for within-panel dependence by averaging effects over all panels. Specifically, it uses panel-level correlation that is estimated by averaging information from all panels. The estimated effects resulting from GEE are interpreted as

those of an average region rather than a specific region. In addition, these average effects are not required to be uncorrelated with the regressors.<sup>74</sup>

The estimation results using this estimator are presented in Table 5. With the exception of the Muslim dummy, all values in the regression have been logged. The coefficients can, therefore, be interpreted as capturing a percentage change in democracy for one percentage change in each explanatory variable.

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<sup>74</sup> Glenn W. Harrison, "House Money Effects in Public Good Experiments: Comment," *Experimental Economics*, forthcoming (April 2006) 6, fn. 7.

Table 5  
Impact of Aid and Geographic Location on Regional Democracy over Time:  
Results with Four-Year Aid Moving Averages

<i>Variable</i>	<i>Coefficient</i>	<i>z</i>	<i>Sig.</i>
<b><i>Two-Year Lags</i></b>			
Distance from Helsinki	-.0547251	-2.20	0.028
Muslim region	-.2534075	-3.85	0.000
Urbanization	.3100629	3.07	0.002
Aid moving average	.0587831	2.04	0.041
Openness	.0308972	2.37	0.018
Constant	2.377226	4.91	0.000
<b><i>Three-Year Lags</i></b>			
Distance from Helsinki	-.0618649	-2.46	0.014
Muslim region	-.2569649	-3.82	0.000
Urbanization	.3428157	3.37	0.001
Aid moving average	.0351532	2.06	0.040
Openness	.01122	1.13	0.258
Constant	2.349788	4.76	0.000
<b><i>Four-Year Lags</i></b>			
Distance from Helsinki	-.0621527	-2.44	0.015
Muslim region	-.2576626	-3.79	0.000
Urbanization	.3410499	3.29	0.001
Aid moving average	.0275352	1.44	0.150
Openness	.0178403	1.36	0.175
Constant	2.347109	4.71	0.000
N = 158			

The results with the two year lags show that the parameter estimates for the Muslim republic dummy, distance, openness, urbanization, and aid are statistically significantly different from zero at least at a 95 percent confidence level. The model shows that regions located at a greater distance from the West are less likely to democratize than those located in greater proximity to it. In particular, for a 1 percent increase in distance from the West, the democracy level decreases by .055 percent within a period of two years. Aid per capita and openness, on the other hand, have a positive effect on democracy. For 1 percent increase in aid, the democracy level increases by .059



percent, while with a 1 percent increase in the openness score, the level of democracy increases by .031 percent. For “Muslim” regions, compared to the “non-Muslim” ones, the democracy score is less by 25 percent holding all other effects fixed. Holding the effect of religion constant, urbanization remains the strongest predictor of democracy: for 1 percent increase in urbanization, democracy increases by .31 percent. The results are similar with three and four year lags except that openness is not statistically significantly different from zero at a 95 percent confidence level, which suggests that it is sensitive to different model specifications. The coefficients for aid also decrease with the three and four year lags. While the three year lag parameter for aid remains statistically significant, the four year lag one is not statistically significantly different from zero at a 95 percent confidence level. Based on these results we conclude that the effect of aid allocations that are more distant in time is not as strong as those of more recent ones.

In order to test further for the robustness of the findings, we created an alternative, cumulative, measure of aid, lagged by two, three, and four years. For example, with the two year lag, for the cumulative aid 1997 figure, we added up per capita aid for the years 1992-1997; and for the cumulative aid 1998 figure, we added the per capita aid for the years 1992-1998. In other words, in this measure we include all aid that had been allocated up until 1997 and 1998, rather than just using a moving average of four years. Similar logic has been applied to constructing the three and four year lags. The assumption behind this measure is that aid volumes allocated in the earlier years of post-communist development might provide essential infrastructure or other resources, which serve as a basis for the effectiveness of subsequent aid allocations. For example, an NGO might have received a grant to purchase computer equipment in 1992. This equipment

would be important for advocacy or other activities supported by aid allocated in later years.

When we substituted the above aid measure, which we also logged, for the moving average aid measure used in the previous models, we find that the results still hold. Openness, though, in this set of regressions, is significant at slightly under the 90 percent confidence level for the two year lag model, and is not statistically significant for the three and four year lag models. This confirms that the findings with respect to this variable, similar to results from the set of models presented in Table 5, are somewhat sensitive to model specification.

Table 6  
Impact of Aid and Geographic Location on Regional Democracy over Time:  
Results with Cumulative Aid Per Capita

<i>Variable</i>	<i>Coefficient</i>	<i>z</i>	<i>Sig.</i>
<b><i>Two-Year Lags</i></b>			
Distance from Helsinki	-.0634435	-2.52	0.012
Muslim region	-.2542543	-3.77	0.000
Urbanization	.3491942	3.43	0.001
Cumulative Aid	.0008614	2.87	0.004
Openness	.0210344	1.61	0.107
Constant	2.310157	4.68	0.000
<b><i>Three-Year Lags</i></b>			
Distance from Helsinki	-.0594805	-2.35	0.019
Muslim region	-.2555356	-3.79	0.000
Urbanization	.3398495	3.33	0.001
Cumulative Aid	.0202944	2.05	0.040
Openness	.0094663	0.93	0.351
Constant	2.345596	4.75	0.000
<b><i>Four-Year Lags</i></b>			
Distance from Helsinki	-.060123	-2.36	0.019
Muslim region	-.2568535	-3.78	0.000
Urbanization	.3358704	3.25	0.001
Cumulative Aid	.0180761	1.89	0.059
Openness	.0182061	1.39	0.163
Constant	2.350531	4.72	0.000
N = 158			

Table 6 shows that the coefficients in this regression are not vastly different from those in the previous one, except that the aid coefficient for the two-year lag is substantially lower: for 1 percent increase in cumulative aid, the democracy level increases by .0008 percent. This difference in the aid coefficients suggests that aid volumes allocated in later years, as reflected in our four-year moving average figure, might be a better predictor of democracy outcomes than the cumulative aid figure going back to the earliest days of aid allocation. Most likely, this is a reflection of the limitations of the data we are working with, namely, the availability of only two time points for democracy scores. If the scores were available for the whole of the 1990s decade, better assessments could have been made about aid allocations in the early years and democracy outcomes prior to 1999.<sup>75</sup>

Still, for the purposes of our analysis, the most important finding is that even controlling for such domestic factors as openness, urbanization, and being a Muslim republic, distance from the West and foreign aid emerge as important predictors of democracy. We should also keep in mind that the logic behind creating the openness score was to assess levels of domestic receptivity to external influences. The above

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<sup>75</sup> The 2 year lag with moving average aid has the highest coefficient among our aid measures. This bolsters our finding that aid allocated in later years might be a better predictor of democratic outcomes than that allocated in earlier years. Later openness indicators might be likewise better predictors of democracy than measures going back further in time, though caution should be exercised in making inferences about the respective temporal lags due to data limitations stemming from only two time points for the democracy score. For illustrative purposes, results from an OLS regression with 2 year lags are presented in Appendix 1.

findings further justify the inclusion of external effects variables in explanations of democratization processes in a given national or sub-national context. In making this assertion, we do not belittle the impact of domestic factors most often invoked in modernization approaches to democratization: our analysis provides straightforward confirmation that the urbanization variable is the strongest predictor of regional democracy. And yet it also confirms our premise that greater stress should be laid on external factors in explaining regional political outcomes.

### *Karelia and Pskov*

Two frontier regions, Karelia and Pskov, illustrate how geography has made a difference both for external aid choices and levels of democracy. Karelia, a region with high levels of initial openness demonstrates how proximity to the West and aid could further reinforce a region's democracy level. Pskov, by contrast, shows how even regions with low levels of initial openness and democracy could be transformed due to sustained Western engagement.

Karelia shares a 740 kilometer-long border with Finland.<sup>76</sup> Parts of Karelia belonged to Finland before World War II, however during the Soviet period this frontier location was a disadvantage. Karelia was also part of a regional security cluster during the Cold War, which was one of the most highly militarized zones in the world. In

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<sup>76</sup> Parts of what is now the Republic of Karelia, formerly belonging to Finland, were incorporated into the USSR during the 1939-1944 Soviet-Finnish wars.

economic terms, such as its level of industrial production, Karelia was also behind many localities.

From the outset of post-communist transformation, nonetheless, Karelia ranked as one of Russia's more open and, relative to other regions, more democratic, sub-national entities. It was the second republic, in 1990, to declare sovereignty. Rather than proceeding to use its center-regional treaty-based authority to undermine political pluralism, as did many other republics, Karelia's regional leaders chose a different path of development. Karelia became one of the few regions to boast a local party system. It also has one of Russia's most active and diverse NGO communities. The level of its media independence is also assessed to be higher than in most Russia's regions. In Petrov's latest ranking of regional democracy for 2000-2004, Karelia is among the top three Russian regions.<sup>77</sup>

We argue that it is Karelia's Western-looking orientation at both elite or leadership and societal levels, combined with a commitment to the republic's political and economic reform by its neighbor Finland, and subsequently the EU and other European actors, that accounts for the peculiarity of its development trajectory. The individual credited with placing Karelia firmly on Europe's map is also one of the few senior Russian regional politicians with extensive exposure to the West. Valery Shlyamin, Karelia's Minister of Foreign Relations and Economic Development between 1992 and 2002, has been the USSR's<sup>78</sup> trade attaché in Helsinki from 1978 to 1982, and

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<sup>77</sup> After St. Petersburg and Sverdlovsk *oblasti*. Petrov (fn. 40). It was also found to have the lowest reported amount of corruption among Russian regions. Phyllis Dininio and Robert Orttung. "Explaining Patterns of Corruption in the Russian Regions," *World Politics* 57 (July 2005).

<sup>78</sup> [http://www.gov.karelia.ru/gov/News/2004/02/0224\\_11.html](http://www.gov.karelia.ru/gov/News/2004/02/0224_11.html) (accessed February 21, 2005).

is fluent in English and Finnish.<sup>79</sup> While other regions lacked a clear foreign policy vision, Shlyamin perceived the importance of a Western orientation. Since the early 1990s he and other regional officials were frequently seen in Helsinki, Brussels, and other European capitals lobbying for project aid and promoting Karelia as an open region.<sup>80</sup>

In what was a two-way process, in the early 1990s, the European actors, the Finns in particular, sponsored many reform initiatives in the republic. Finland's involvement in Karelia intensified after its accession to the EU in 1995. Now eligible for EU funding, Finland saw its membership as an opportunity both for increasing its influence on Russia's Western frontier regions, as well as on the EU's strategic thinking with regard to its Eastern neighbor. In 2000, the EU established a Euregio Karelia covering three Finnish border counties and Karelia as the first Euroregion on the border between the EU and Russia.<sup>81</sup> This made Finland eligible for millions of Euro that it could spend on cooperation projects with Karelia.

The involvement of the Finns, other Nordic states, and the EU in Karelia became so massive that it is no longer appropriate to describe Western aid as being "thinly spread" in this particular region.<sup>82</sup> A republic of only 716,000 people, it was a beneficiary of hundreds of aid projects at various levels from the EU, national, regional and

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<sup>79</sup> Bio available at [http://www.gov.karelia.ru/gov/Power/Ministry/Relations/shlamin\\_e.html](http://www.gov.karelia.ru/gov/Power/Ministry/Relations/shlamin_e.html) (accessed February 21, 2005).

<sup>80</sup> The Ministry was disbanded subsequently and Shlyamin now works in Finland.

<sup>81</sup> Ilkka Liikanen, "Euregio Karelia: A Model for Cross-Border Cooperation with Russia?," *Karelian Institute, University of Joensuu*. <http://www.iiss.org/rpfreepdfs.php?scID=65> (accessed June 5, 2005).

<sup>82</sup> Henderson (fn. 40), 152.

municipal governments and NGOs of Nordic states, as well as from Northern Europe's various inter-governmental organizations.<sup>83</sup> Of the externally funded programs operating in 2003, for example, thirty were financed under the auspices of Interreg, Europe's instrument for cross-border cooperation; eight by the Swedish region of Westerbotten; four by the Swedish Agency for International Development; twenty-four by the Nordic Council of Ministers; and eleven by the Barents Secretariat. In money terms, they ranged from a few hundred Euros to over half a million Euros. Funding included those for professorships in Norwegian language at Karelia State University, democracy training for the region's young politicians, and the development of song and dance ensembles for indigenous peoples.<sup>84</sup>

The regional elites' strategies and openness to cooperation—or leadership factor—and the West's developmental commitments were key to Karelia's success in obtaining external funding. A third set of factors involves the broader society. During the Soviet period, there were social exchanges between Karelia and Finland, and Finnish was taught at the local university. Contacts with Finland and other Nordic neighbors intensified after communism's collapse. As one local official put it, here no one “escapes” contact with Finland, but also other Nordic actors, with almost every Karelian having some interaction with Western neighbors as a grant beneficiary, tourist, exchange student, or businessman. Several high schools now teach Finnish and Swedish, and

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<sup>83</sup> It also has representative offices of the Nordic Council of Ministers, the Swedish-Karelian Business and Information Centre, and TACIS.

<sup>84</sup> <http://www.gov.karelia.ru> (accessed May 15, 2005).

several university departments have the relevant language and history courses.<sup>85</sup> These three factors—the West’s strong commitment to develop the frontier region; openness at the level of Karelian regional elite; and openness at the level of Karelian society—account for the region’s record in attracting aid and the peculiarity of its institutional development.

Local government, which is used in Petrov’s study as one of the sub-indicators in calculations of regional democracy levels, provides a specific example of how Western involvement affected Karelia’s institutional development. The EU regards democratically elected and socially responsive local government as an important institutional component of a democratic polity. The significance that the EU attaches to local government is embodied in a special Charter, and in the various municipal development-related TACIS programs in Russia.

A comparative study by Vladimir Gel’man and his collaborators, which sought to explain variations in local democracy among Russia’s regions in the first post-communist decade identified the “transboundary factor” as key to explaining Karelia’s local government development. This factor was important in Karelia’s adoption in 1994, the first among Russian regions, of a democratic law on local government modeled on North European institutions. EU funding also became an important resource affecting municipal politics in the region. For example, in an effort to extend his power base in struggles against the regional governor, the mayor of the regional capital tapped into the many possibilities of attracting EU grants. The mayor could be successful in obtaining

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<sup>85</sup> Author interview with Tatyana Klekachova, Executive Director, Swedish-Karelian Business and Information Center, Petrozavodsk, July 9, 2004.



grants in competition against other municipalities and regional bodies however only if he could demonstrate the democratic nature of his administration, and its social and economic performance. Importantly, such key domestic actor as the federal government played only a marginal role in the process. For example, when the mayor of a regional city tried to attract federal funding to strengthen his institutional power base, “the hope for help from the federal center was in vain, whereas Western sources turned out to be more effective.” “Generally,” write Gel’man et al, “international factors continue to play a certain role in the maintenance of the political autonomy of the city.” Numerous training seminars, partnerships with Nordic municipalities and other contacts with EU donors over a decade ensured not only that the municipalities would seek to present a positive image of themselves to score points with the donors, but that certain norms actually became internalized in local government practices. The importation of Western norms and practices has been evident in the practices of local government-NGO partnerships and contracting out of social services, consultations with NGOs, as well as public tendering of municipal services contracts.<sup>86</sup> Most recently, in 2005, within the framework of a new federal law on local self-government Karelia opted for direct popular election of mayors in contrast to many other regions, which settled on appointment by

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<sup>86</sup> Vladimir Gel'man, Sergey Ryjhenkov, Yelena Belokurova, and Nadejhda Borisova, *Avtonomiya ili kontrol'? Reforma mestnoy vlasi v gorodakh Rossii, 1991-2001* (Autonomy or control? Reform of local power in cities of Russia) (St. Petersburg: Letniy sad, 2002), 245, 230, 231. On civil society in Karelia, see Yelena Belokurova and Natalya Yargomskaya, “Do i posle Grajdanskogo foruma: grajhdanskoe obschestvo v regionakh Severo-Zapada,” in Nikolay Petrov, ed., *Grajhdanskoye obschestvo i politicheskiye protsessy v regionakh*, Working Paper, no. 3 (Moscow: Moscow Carnegie Center, 2005).

local councils. The latter system is perceived to be less democratic and, in the Russian political context, more easy to manipulate from above.<sup>87</sup>

Pskov *oblast* is another Western frontier region with a population of 760,000, similar to that of Karelia. Until recently, it differed significantly from Karelia both in terms of openness of the regional elites, and Western commitment to it. In the 1990s, as neighboring Estonia and Latvia enjoyed rapid growth, democratic reform, and successful bids to EU membership, Pskov remained one of Russia's least developed areas. Politically, Pskov has been a closed regime, electing a governor with a reformist agenda only at the end of 2004. In 1998, America's then Deputy Secretary of State Strobe Talbott likened Pskov to a "Jurassic-like theme park[s] of Soviet-era policies and personalities," a stark contrast to what he called Russia's regional "oases of liberalization."<sup>88</sup> Between 1996 and 2004, Pskov suffered from the incompetent rule of governor Vyacheslav Mikhailov, who suppressed political opposition and freedom of the press. Mikhailov, running on a "patriotic" ticket, in 1996 became Russia's only governor affiliated with the ultra-nationalist Liberal Democratic party of Vladimir Zhirinovskiy. Mikhailov's political affiliation and sympathies for the Russian ultra-nationalists did little to promote confidence building with the *oblast's* Baltic neighbors. Instead, the Governor prioritized Pskov's relations with the Belarus dictatorship. This contrasts with Karelia, which has been steadily orienting itself to Finland and the EU.<sup>89</sup>

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<sup>87</sup> Author interview with Andrey Patsinkovskiy, Head of Administration, Prionezhskiy *rayon*, Petrozavodsk, January 17, 2006.

<sup>88</sup> *RFE/RL Newslines*, November 9, 1998.

<sup>89</sup> Pskov also differed from its other neighbor Novgorod, since the mid-1990s a magnet for investors and donors.

Not only were Pskov regional elites closed to the West, but the latter also showed little willingness to engage the Pskov regime. One study thus described the sorry state of Pskov's external relations: "Until the end of the 1990s, the Oblast was a blank spot on the map of projects funded by the EU TACIS Programme or by other international donors."<sup>90</sup> At the same time, the isolated local NGOs that did apply for EU aid were unsuccessful because "back then Pskov was not the main concern" of the EU. Those who considered applying were discouraged to do so: "When we went to consult TACIS preliminarily, before applying, they said Pskov is not a priority . . . You are welcome to apply of course, but it is unlikely that your application will be considered favorably," recalls a local NGO head.<sup>91</sup>

The situation changed substantially around the time of accession of the Baltic states to the European Union in 2004 with Pskov becoming the EU's Eastern border region. This new status ensured a sustained level of engagement on the part of European actors despite the continued closeness of the regime. TACIS staff on the ground maintained that it took a significant amount of "shaking up" of the regional officials by the EU in the form of awareness increasing seminars and meetings aimed at encouraging the *oblast* to open up to external cooperation. It was not too long before Pskov perceived the benefits of the newly proposed partnership with Europe. Similar to other EU border

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<sup>90</sup> Gulnara Roll, Tatiana Maximova, and Eero Mikenberg, "The External Relations of the Pskov Region of the Russian Federation," Working Paper, no. 63 (Kiel: The Schleswig-Holstein Institute for Peace Research) [http://www.schiff.uni-kiel.de/pdf\\_files/063.pdf](http://www.schiff.uni-kiel.de/pdf_files/063.pdf) (accessed February 15, 2006).

<sup>91</sup> Author interview with Olga Vassilenko, Chairperson, NGO Chudskoe Project, Pskov, August 26, 2004. Another unsuccessful applicant in 1998 was Fund for Support of Civic Initiative. Author interview with Dmitriy Antoniuk, Pskov, August 26, 2004.

regions, as an incentive to project involvement it was given a voice in the selection of Western partners and proposals related to cross-border cooperation. Financial and economic benefits of neighbor-friendliness were also not lost on Pskov, as indeed on EU's new Baltic members. One regional official illustrated the importance of EU funding in encouraging cross-border cooperation: "The Balts now feel that they have to work with us. They are about to get money from EU structural funds. We say to them we are very happy for you, but the situation has to change so that not only you will get all the money."<sup>92</sup> In 2004, Pskov was already engaged in several EU-supported projects with Estonia and in negotiating future neighborhood programs. The development of a Pskov-Livonia Euroregion was also under way aimed at promoting cooperation between authorities in Pskov and the Baltic countries and hailed as a "model for good neighbor relations with the EU."<sup>93</sup>

Moreover, while in the past, project cooperation was largely at the level of the Pskov regional administration, TACIS staff point out that it has now also moved to the lower, municipal levels of authority. Likewise, previously suspicious of local NGOs engaging in unsanctioned foreign cooperation projects, regional officials now perceive that "if local organizations, including independent ones, do not participate, Pskov will fall out [of the process] and will lose financially."<sup>94</sup> The regional authorities even turned to local NGOs for cooperation in running Western funded projects because they themselves

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<sup>92</sup> Author interview with Andrey Balandin, Consultant, Committee for Foreign Affairs, Pskov Region Administration, August 26, 2004.

<sup>93</sup> [http://www.pskov.ru/en/economics/external\\_constraint](http://www.pskov.ru/en/economics/external_constraint) (accessed February 15, 2006).

<sup>94</sup> Author interview with Valentina Chaplinskaya, EC delegation in St. Petersburg, July 13, 2004.

lacked such project implementation training and experience.<sup>95</sup> The change in perceptions is similar to what we observed in Karelia, where regional elites came to regard external funding as an important economic and political resource and thought it in their best interest to internalize the norms and practices of European donors.

The availability and structure of EU funding therefore encouraged greater regional openness and interaction with external actors at the level of administrative elites, organized social groups, and broader society. In this case, Pskov's location on the EU border was key to the EU's decision to "shake up" the region. The data make clear that no such "shaking up" has taken place in other regions badly in need of democracy, such as the closed republics. While high levels of openness encouraged Western presence in other, non-frontier regions, in Pskov's case location on the EU border ensured a commitment to regional reform even in the initial absence of intra-regional openness.

The emergence of the EU's shared borders with Pskov also contributed to greater levels of economic cooperation with the Baltic neighbors. Compared to 2003, in 2004, trade with Estonia grew by 229 percent, and with Latvia, by 27 percent. In the first nine months of the year 2004 alone, i.e., immediately prior to, and after accession of the Baltic states to the EU, there has been a threefold increase in foreign investment into the oblast compared to the corresponding period in the previous year.<sup>96</sup>

Pskov's governor Mikhail Kuznetsov maintains that economic processes accompanying EU expansion eastwards will only serve to further encourage cross-border

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<sup>95</sup> Belokurova and Yargomskaya (fn. 86) 27.

<sup>96</sup> [http://invest.pskov.ru/i\\_prac.php?action=show&id=107&lang=en](http://invest.pskov.ru/i_prac.php?action=show&id=107&lang=en) (accessed February 15, 2006). See also "Baltiyskoe napravlenie: god spustya posle vstupleniya Estonii i Latvii v YeEs," 27 April 2005, <http://pln-pskov.ru/arhiv/pragmatika/22290.html> (accessed September 20, 2006).

economic activity and greater contacts among neighbors: “Having entered the European Union, they [the Baltic states] are already suffering the economic impact of accession. Because of the increase in labor costs, many industries are becoming ineffective, and they have to be moved somewhere. . . . If they move them here, it will be good both for us and for them. They will save. And we will have created new jobs.”<sup>97</sup>

Possibilities for business and project cooperation have in turn encouraged the oblast to replicate the more transparent practices of the European neighbors. “We are interested in contacts with European countries,” maintained the governor when asked about the reason for his frequent meetings with officials from Europe. “This is why the creation of an image of a civilized *oblast* with working laws is my key goal.”<sup>98</sup>

The changes in Pskov’s developmental trajectory shortly before and after EU borders shifted and it became the focus of EU involvement are reflected in the latest regional democracy scores. Astonishingly, aside from another Northwestern region, Komi, Pskov shows the highest growth in democracy, which is reflected in the difference between the composite scores of twenty-seven for 1991-2001, and thirty-four in the moving average scores for 2000-2004. While most of the regions do not show significant

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<sup>97</sup> “Interv’y u s gubernatorom,” Official website of the Pskov *oblast*’ administration, November 1, 2005, <http://www.pskov.ru/ru/interview/governor/26> (accessed September 20, 2006). These economic processes are linked to broader patterns of economic interaction in the region influenced by EU expansion, such as a surge in Finnish investments into Estonia in the 1990s, and competition and labor costs eventually leading Estonian businesses to invest into Pskov.

<sup>98</sup> Ibid.

differences between the earlier and later scores, and some have even slid down on the scale, Pskov shows an eight-point jump.<sup>99</sup>

Karelia and Pskov illustrate how current developments conditioned by a region's geographic location, affect its democratic trajectory. The focus on current patterns of exposure to the West does not suggest that we dismiss the role of longer-term regional historical legacies. For example, Pskov, at one time a closed fortress region and buffer against external invaders, also has a history of being ruled by Novgorod, known as the "cradle of Russian democracy" involved in Hanseatic trade. And in the case of Karelia, its Finnish legacy may have had an impact on the adaptability to democratic norms among both its elites and broader public, while its place in Finnish national mythology is an important factor in Finland's current interest in getting involved in aid projects in Karelia.

The impact of these longer-term historical developments on current patterns of regional democratization however only serve to confirm our argument, but over a much more extended historical timeframe. This is because the "legacies" inferred to explain greater levels of democracy, as is the case with Novgorod's involvement in Hanseatic trade, or Karelia's ties to Finland, are often linked to exposure to West European civilization. Geography, and the patterns of social, economic, and political interaction that it conditions depending on the wider political context at a given point in time, matter, whether we are looking at longer-term historical legacies, or current developments. As

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<sup>99</sup> Krasnoyarsk also has an eight-point increase in the democracy score.

[http://atlas.socpol.ru/indexes/index\\_democr.shtml](http://atlas.socpol.ru/indexes/index_democr.shtml) (accessed September 20, 2006).

Kopstein and Reilly rightly discern, while “path dependence of political and economic reforms may explain the process of change, . . . , location determines the path.”<sup>100</sup>

### *Conclusions*

The geographic incremental processes of democratization in Russia’s frontier regions and regional patterns of EU aid suggest that sub-national geography should be considered an important factor in our analysis of post-communist democratic change. Geographic proximity to the West facilitates the diffusion of Western influences in Russia’s localities increasing their openness. Proximity also encourages neighboring Western actors to pursue targeted democratization efforts.

Not only frontier regions are objects of targeted EU aid however. In fact, territorially more remote non-frontier regions, extending as far as Western Siberia, are also likely to be beneficiaries of aid if they are open to external influences. These findings are consistent with the EU’s declared objective of “rewarding good achievers” and show how not only states with membership prospects in the Union are subject to sustained aid efforts.<sup>101</sup>

Significantly, few of the highest democratic achievers are located too far East or South, a pattern which confirms that diffusion processes leading to greater openness and democracy are influenced by a region’s geographic location. The EU is also prepared to go this far East or South in its targeted aid activity in the regions. For better or worse, the

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<sup>100</sup> (fn. 1), 24.

<sup>101</sup> Vachudová (fn. 45); Kopstein and Reilly (fn. 1).



regions on Russia's Southern and Eastern frontiers are likely to be influenced by other external players.

A detailed discussion of these influences is beyond the scope of this study. We briefly note here the lack of *established* democracies bordering on Russia's Southern regions. China, an economic mega-player in the Russian Far East, is not a democracy. Japan, an important neighboring democracy, maintains a largely economic involvement in the Far East, which is distinct from the "normative power" democratizing concerns of the EU in Russia's regions. Although Japan is among the leading foreign aid donors, scholars have also discerned the business-driven nature of its aid policies.<sup>102</sup>

The regional dimension of aid activity of other major "non-neighbor" donors is likewise beyond the scope of this study. American democracy promoters in Russia's regions have tended to support local actors that are institutionally relatively more developed, and perceived to be more "Western" in terms of their business practices, language skills, and issue orientation. Donors like the US and Canada also included a "Northern" gradient in their Russian aid policies, thus partly overlapping with that of the EU.<sup>103</sup>

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<sup>102</sup> Schraeder, Hook, and Taylor (fn. 71).

<sup>103</sup> Admittedly, not every Western aid project achieves its intended goals. Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve* (Washington: Carnegie Endowment for International Peace, 1999); Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe* (New York: St. Martin's Press, 1998); Sarah L. Henderson, "Selling Civil Society: Western Aid and the Non-Governmental Organization Sector in Russia," *Comparative Political Studies* 35 (March 2002); Mendelson and Glenn (fn. 3); Marcia A. Weigle, *Russia's Liberal Project: State-Society Relations in the Transition from Communism* (University Park: Penn State University Press, 1999).

Such targeted and sustained efforts of Western actors, who chose to partner with more open and more geographically, culturally, and institutionally “Western” regions, will only serve to reinforce the *already existing* spatial disparities in levels of democracy. In regions bordering a powerful democratic player, the latter may over time decisively influence their democratization trajectory. The causal processes discussed in this article are therefore not unidirectional and the argument should not be interpreted as a suggestion that Western aid is *the* decisive factor influencing regional democracy levels *across all regions*. What we observe are “clusters of interaction” of regional openness, democracy, and targeted EU aid, which are in turn related to a region’s geographic location.

Finally, we acknowledge that the focus on the regional level and external actors need not obscure the importance of the national government as a trend-setter for the nation-wide democracy trajectory. Nevertheless, the continued Russian regional engagement with the West militates against whole-nation bias in our analysis of political change. President Putin might see external donors as agents plotting another Color Revolution. The mayor of Pskov or Petrozavodsk by contrast, might see them as partners genuinely interested in addressing problems of concern to their common neighborhood. Likewise, the NGOs’ mobilization against some of the more draconian efforts to control Western funding illustrates the limited financial reach of the federal government, which is not eager to substitute for external resources crucial to the survival and by extension, vital social activities, of many a local NGO.<sup>104</sup> The Governor of a border region might be a Kremlin appointee, and yet his interlocutors in regional developmental or investment

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<sup>104</sup> The reference is to a federal law regulating funding to NGOs, adopted in December 2005.

projects are equally, if not more, likely to be neighborhood actors, and not the figures in the Kremlin. Finally, security rhetoric notwithstanding, Moscow has been rather reluctant to fund Russia-EU border security checkpoints, leaving this business to regional governments and their Western neighbors.<sup>105</sup>

Russia may be a “torn” nation as Samuel Huntington suggests, but not just in the sense of its different national leaders wanting to shift the civilizational belonging and identity of its people, but also in geographic terms and spatial value patterns.<sup>106</sup> A geographic incremental process of *Einbindung*<sup>107</sup> is evidently taking place tying the Western and outward-looking localities into a web of interactions, and perhaps eventually greater integration, with Western neighbors. These geographically conditioned processes should help us explain and predict change throughout the post-communist world and in other settings.

## **Appendix 1**

### 1 (a) *Procedures for Calculating the Openness Score*

In order to create an aggregate score for each of the different openness scores, we first ranked all the values for each sub-indicator. We then sorted them in ascending order and arranged them into ten groups with each group being assigned a score from the smallest

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<sup>105</sup> This issue has been a subject of conflict between Karelian government and federal agencies.

<sup>106</sup> Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996), 139.

<sup>107</sup> Mouritzen (fn. 66), 306.

value of 1 to the highest of 10. This procedure ensures that the assigned scores are evenly distributed. The total score is the sum of all sub-indicators that comprise each of the respective “oscores.” The score’s range from 1 to 10 is in accordance with the ascending values for each sub-indicator. Therefore, the composite openness score “oscore95-03” ranges from 3 to 30; and the openness scores “oscore98-02” and “oscore99-03” include five sub-indicators and range from 5 to 50. The “oscore99-02” includes six sub-indicators and ranges from 6 to 60.

The openness score for the years 1995-2003 was composed of three sub-indicators: *Newspaper circulation per 1000 people, number of telephones per 1000 people and foreign investment per capita*. The score for 1998-2002 includes the above three sub-indicators plus *exports to Non-CIS countries per capita in millions of USD, and per capita number of outgoing international and domestic telephone calls*. The 1999-2003 openness score is similar to the 1998-2002 score except that it does not have the domestic and international calls sub-indicator (because the latest *Goskomstat* data for this is 2002), but has an additional “modern” indicator of cell phones per capita. The 1999-2002 score is composed of the most complete set of sub-indicators.

#### 1 (b) *Reliability Test for Openness Scores*

In order to test for the reliability of the openness scores, including “oscore95-03,” “oscore98-02,” “oscore99-02,” and “oscore99-03,” we conducted a Cronbach’s Alpha test. The test shows the correlation between each sub-indicator and total score. Since all of the sub-scores for each sub-indicator are measured on the same scale from 1 to 10, we can use the un-standardized items for the test. For the openness score “oscore95-03,” the

scale reliability coefficient is 0.6761, which is slightly below the satisfactory alpha value of 0.7 and indicates a somewhat low correlation. The most reliable openness score is “oscore99-02,” which includes all the six sub-indicators, with the highest alpha value of 0.7877. However, due to limited data availability and intention to reflect the time trend by lagging the openness variable, only “oscore95-03” can attain the greater data points objective. Considering high correlation between all the openness scores, as presented in the correlation matrix in Appendix 1 (e), we conclude that it is reliable to use the “oscore95-03” as the measure of openness. The results of the tests are presented in Tables 1-4.

Table 1  
Cronbach’s Alpha test for “oscore95-03”  
Test scale = mean (unstandardized items)

<i>Item</i>	<i>Obs</i>	<i>Sign</i>	<i>Item-test Correlation</i>	<i>Item-rest Correlation</i>	<i>Average inter- item covariance</i>	<i>Alpha</i>
<i>Newspaper circulation per 1000 people</i>	791	+	0.7003	0.3629	5.264394	0.7359
<i>Foreign investment per capita</i>	791	+	0.8258	0.5596	2.726261	0.4829
<i>Telephones per 1000 population</i>	791	+	0.8099	0.5576	2.99827	0.4926
<i>Test Scale</i>					3.662975	0.6761

Table 2  
Cronbach’s Alpha test for “oscore98-02”  
Test scale = mean (unstandardized items)

<i>Item</i>	<i>Obs</i>	<i>Sign</i>	<i>Item-test Correlation</i>	<i>Item-rest Correlation</i>	<i>Average inter- item covariance</i>	<i>Alpha</i>
<i>Newspaper circulation per 1000 people</i>	792	+	0.6518	0.3862	3.485634	0.7189
<i>Telephones per 1000 population</i>	791	+	0.7553	0.5443	2.899018	0.6548
<i>Foreign investment per capita</i>	792	+	0.8125	0.6226	2.305879	0.5928
<i>Exports to non-CIS countries per capita</i>	616	+	0.6779	0.4491	3.206059	0.6951
<i>Number of outgoing international and</i>	406	+	0.6406	0.3936	3.440599	0.7138

*local telephone  
calls per capita  
Test Scale*

3.091075

0.7276

Table 3  
Cronbach's Alpha test for "oscore99-02"  
Test scale = mean (unstandardized items)

<i>Item</i>	<i>Obs</i>	<i>Sign</i>	<i>Item-test Correlation</i>	<i>Item-rest Correlation</i>	<i>Average inter- item covariance</i>	<i>Alpha</i>
<i>Newspaper circulation per 1000 people</i>	792	+	0.6632	0.4266	3.734076	0.7786
<i>Telephones per 1000 population</i>	791	+	0.7443	0.5495	3.378774	0.7468
<i>Foreign investment per capita</i>	792	+	0.8009	0.6246	2.883544	0.7094
<i>Exports to non-CIS countries per capita</i>	616	+	0.6605	0.4633	3.618893	0.7726
<i>Number of outgoing international and local telephone calls per capita</i>	406	+	0.6168	0.3992	3.822574	0.7852
<i>Number of cell phones per capita Test Scale</i>	438	+	0.8147	0.6978	3.091075	0.7276
					3.427454	0.7877

Table 4  
Cronbach's Alpha test for "oscore99-03"  
Test scale = mean (unstandardized items)

<i>Item</i>	<i>Obs</i>	<i>Sign</i>	<i>Item-test Correlation</i>	<i>Item-rest Correlation</i>	<i>Average inter- item covariance</i>	<i>Alpha</i>
<i>Newspaper circulation per 1000 people</i>	792	+	0.6722	0.4196	4.374589	0.7853
<i>Telephones per 1000 population</i>	791	+	0.7546	0.5484	3.851814	0.7411
<i>Foreign investment per capita</i>	792	+	0.8001	0.6066	3.355847	0.7089
<i>Exports to non-CIS countries per capita</i>	616	+	0.6813	0.4672	4.156221	0.7729
<i>Number of cell phones per capita</i>	438	+	0.8240	0.6937	3.440599	0.7138

Test Scale

3.822574

0.7852

### 1 (c) Summary Statistics

The summary of independent and dependent variables is based on the panel format dataset with seventy-nine regions used in the regression analysis, as well as the dataset that includes eighty-eight regions, which was used in bivariate correlations analysis. Since for each variable, the data availability varies in the time range, the number in “count” is different for each of the summaries.

Summary Statistics	<i>Democracy 1991-2001</i> Unit: index	<i>Democracy 1999-2004</i> Unit: index	<i>Distance</i> Unit: kilometers	<i>Cumulative aid per capita 1992-2005</i> Unit: Euros	<i>Aid per capita moving averages, 1992-2001</i> Unit: Euros	<i>Urbanization 1995-2003 (share of urban population)</i> Unit: percent	<i>Openness score 95-03</i> Unit: index	<i>Openness score 99-03</i> Unit: index	<i>Openness score 98-02</i> Unit: index	<i>Openness score 99-02</i> Unit: index
Mean	27.511363	28.87342	2366.684	2.94193	0.27838	69.23164	16.173	28.40455	26.59545	31.66193
Standard Deviation	6.19972	6.26865	1817.21774	8.65422	0.80158	12.59192	6.67196	11.178	10.27015	12.17123
Minimum	14	16	315	0	0	26.6	3	5	5	6
Maximum	45	46	7155	55.36	6.46931	100	30	50	50	60

### 1 (d) Result of OLS Regression

Impact of Aid and Geographic Location on Regional Democracy over Time:  
Results with Two-Year Lags using Aid Moving Averages\*

<i>Variable</i>	<i>Coefficient</i>	<i>t</i>	<i>Sig.</i>
Distance from Helsinki	-.0352611	-1.86	0.065
Muslim region	-.2442816	-5.22	0.000
Urbanization	.221056	2.83	0.005
Aid moving average	.1097767	2.97	0.004
Openness	.1022367	2.94	0.004
Constant	2.414364	6.98	0.000
N	158		

Impact of Aid and Geographic Location on Regional Democracy over Time:

## Results with Two-Year Lags using Cumulative Aid Per Capita\*

<i>Variable</i>	<i>Coefficient</i>	<i>t</i>	<i>Sig.</i>
Distance from Helsinki	-.0445276	-2.34	0.020
Muslim region	-.2428085	-5.08	0.000
Urbanization	.2652348	3.41	0.001
Cumulative aid	.0035081	1.55	0.122
Openness	.1024793	2.87	0.005
Constant	2.302931	6.58	0.000
N	158		

\* All values, except for the Muslim dummy have been logged.



1 (e) *Bivariate Correlation Matrix*

<i>Correlations</i>	<i>Distance from Helsinki in KM</i>	<i>Muslim region</i>	<i>Democracy, 1991-2001</i>	<i>Democracy, 1999-2003</i>	<i>Democracy, 2000-2004</i>	<i>Aid per capita</i>	<i>Openness 95-03 (2003)</i>	<i>Openness 98-02 (2002)</i>	<i>Openness 99-02 (2002)</i>	<i>Openness 99-03 (2002)</i>	<i>Urbanization, 2003</i>
<i>Distance from Helsinki in KM</i>	1.000	.	.	.	.	.	.	.	.	.	.
<i>Muslim region</i>	-.068 .530	1.000	.	.	.	.	.	.	.	.	.
<i>Democracy, 1991-2001</i>	-.270* .011	-.436** .000	1.000	.	.	.	.	.	.	.	.
<i>Democracy, 1999-2003</i>	-.281** .008	-.459** .000	.916** .000	1.000	.	.	.	.	.	.	.
<i>Democracy, 2000-2004</i>	-.280** .008	-.435** .000	.904** .000	.992** .000	1.000	.	.	.	.	.	.
<i>Aid per capita</i>	-.227* .034	-.113 .294	.433** .000	.389** .000	.397** .000	1.000	.	.	.	.	.
<i>Openness 95-03 (2003)</i>	-.392** .000	-.270* .011	.563** .000	.582** .000	.583** .000	.188 .080	1.000	.	.	.	.
<i>Openness 98-02 (2002)</i>	-.393** .000	-.196 .067	.621** .000	.638** .000	.638** .000	.260* .014	.872** .000	1.000	.	.	.
<i>Openness 99-02 (2002)</i>	-.408** .000	-.203 .058	.628** .000	.637** .000	.637** .000	.268* .012	.883** .000	.990** .000	1.000	.	.
<i>Openness 99-03 (2002)</i>	-.373** .000	-.222* .037	.629** .000	.636** .000	.634** .000	.273** .010	.876** .000	.979** .000	.983** .000	1.000	.
<i>Urbanization 2003</i>	-.116 .281	-.311** .003	.550** .000	.555** .000	.540** .000	.234* .028	.706** .000	.642** .000	.649** .000	.641** .000	1.000

Note:

1) \* Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).

2) The first line for each sub indicator shows the Pearson Correlation, and second line shows Sig. (2-tailed).

3) Aid figure used is sum of all aid per capita for the years 1992-2005.

4) For the openness scores and urbanization data for later years were used as an illustration of latest correlation patterns.

## **Appendix 2**

### *Petrov's Democracy Scores*

The democracy scores for 1991-2001, 1999-2003 and 2000-2004 are based on the following criteria: (1) openness of political life, meaning transparency and levels of public involvement in political life; (2) level of democracy in federal, regional, and local elections, assessed by looking at whether there exist free and fair elections for posts at all levels, their competitiveness, the use of the so-called administrative resources, including interference by authorities or courts in electoral processes, other limitations on political rights; (3) level of political pluralism, assessed by looking at whether there exist stable parties, factions in legislative assembly, electoral and post-electoral coalitions; (4) media freedom and independence; (6) civil society, as measured by existence and numbers of NGOs, referenda, public activity of different kinds, demonstrations, pickets, protests not sanctioned by authorities; (7) nature of regional political regime, assessed by looking at balance of power, number of elected versus appointed officials, independence of judiciary and law enforcement agencies, and extent of citizens' rights; (8) quality and turnover of political elites, assessed by looking at electoral change of leaders that does not involve the "dismantling of the whole system," diversity of elites and "vitality of mechanisms for compromises between competing interests"; (9) corruption, assessed by examining the degree of the merging of political and economic elites and record of corruption scandals; and (10) local self-government as measured by existence of elected local bodies and their level of activity and influence. A five point scale was used to assess each region in each of the ten categories, with "the higher the number, the more

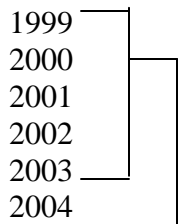
democracy.” The overall rating is calculated by adding up individual ratings in each of the ten categories, with the highest possible score fifty, and the lowest being ten. In order to test the accuracy of expert evaluation indexes, which, as is usually the case with such analysis, include a measure of subjectivism, Petrov also conducted an analysis of electoral statistics for the period from 1999 to 2002. Democracy was assessed by looking at electoral turnout; competitiveness of the race; voter negativism; and electoral law violations. He found a relatively high level of correlation, at .61, between the results of the two different evaluations, although there were also variations in how individual regions ranked.

The Petrov moving average scores were calculated as follows. Because of possible large fluctuations in data for sub-indicators related to such aspects of democratic process as change of governor and voting in regional level elections, which had been held at different times in each region, year by year indicators would not be an accurate change in democracy trends across all regions. Therefore, in order to perceive the general democracy trend, two “simple” moving average scores were calculated for the time period of 5 years: 1999-2003 and 2000-2004. The simple moving average procedure assigns equal weight to each data point. The SMA is calculated by adding the values of an indicator for several time periods and then dividing this sum by the number of time periods. The formula is:

$$SMA = \frac{p_1 + p_2 + \cdots + p_n}{n}$$

(p stands for the value of each time period measured, and n represents the length of moving average.)

In this case of democracy score, the length of moving average is 5 years (n=5). The calculation was done as follows:



Democracy score 1999-2003 =  $(\text{demo99} + \text{demo00} + \text{demo01} + \text{demo02} + \text{demo03})/5$

Democracy score 2000-2004 =  $(\text{demo00} + \text{demo01} + \text{demo02} + \text{demo03} + \text{demo04})/5$

### Appendix 3

#### 3 (a) *Democracy Promotion Component of EU Aid*

Although “democracy, market economy, and rule of law” are key declared objectives of Tacis, it covers projects, which could range anything from healthcare reform to building security checkpoints, to NGO development. This makes it difficult to distinguish what exact share of overall Tacis project aid went for activities, which could be more directly linked with democracy promotion.

Such large and costly infrastructure and policy projects as healthcare, tax, and pension reform, or building security checkpoints usually involve federal agencies, and are distinct from the regional component of aid, which is the subject of this paper. Projects listed under the regional cooperation rubric mostly involve such non-state actors as

NGOs or universities, or regional and local authorities. In setting up the EU local support offices, from which we draw our project data, the EU specifically lists “an emphasis on local civil society institutions” and civil society development among its key objectives (<http://www.eucoop.ru/en/objectives.asp>).

Examples of typical projects going through the local support offices would be university training or exchange programs, grants to local NGOs, city twinning initiatives, training for regional and municipal officials or businesses. The EU makes a strong link in these projects with democracy objectives. See [http://europa.eu.int/comm/europeaid/projects/tacis/regional\\_en.htm](http://europa.eu.int/comm/europeaid/projects/tacis/regional_en.htm) .

A further indication of the share of regional projects related to democratic institution-building objectives is the distribution of project beneficiaries. Out of the total of 1147 projects in the dataset, federal actors were key beneficiaries in only 12.1 percent of all projects. At the same time, regional bodies in 21.4, local governments, in 10.8, universities in 24.7, NGOs in 16, private business in 11.9 percent. All in all, non-state actors were beneficiaries of project aid in approximately 60 percent of all regional project activity.

Tacis is usually distinguished from the European Initiative for Democracy and Human Rights (EIDHR), which had been set up in 1994 and covers various countries not limited to the post-communist region. The regional projects in the LSO dataset that we use also include projects conducted within the framework of EIDHR in the regions. In terms of support for civil society, EIDHR overlaps with the objectives of Tacis projects, but differs in its focus on human rights issues, such as police brutality, racial or ethnic

inequality, or citizens' access to the European Court of Human Rights. See

[http://europa.eu.int/comm/europeaid/projects/eidhr/projects\\_reports\\_en.htm#europe](http://europa.eu.int/comm/europeaid/projects/eidhr/projects_reports_en.htm#europe)

The EU instruments for supporting democratic and market institutions are usually distinguished from such other developmental goals as poverty reduction. See

[http://europa.eu.int/comm/external\\_relations/consultations/cswp\\_tacis.htm](http://europa.eu.int/comm/external_relations/consultations/cswp_tacis.htm) .

[http://europa.eu.int/comm/external\\_relations/consultations/cswp\\_tacis.htm](http://europa.eu.int/comm/external_relations/consultations/cswp_tacis.htm).

Another key area of assistance, with a substantial volume of funding estimated to be 1 billion Euros since 1992 to the NIS, is nuclear safety. Implementation partners are federal agencies or ministries, and as such, the projects covered by this program are beyond the scope of this article focusing on regional aid.

[http://www.europa.eu.int/comm/external\\_relations/nuclear\\_safety/intro/index.htm](http://www.europa.eu.int/comm/external_relations/nuclear_safety/intro/index.htm) .

### 3 (b) *Top Ten EU Project Participant Countries*

<i>Country</i>	<i>Total number of projects in which country served as main, or one of key partners</i>
Germany	203
Finland	181
United Kingdom	159
France	141
Netherlands	70
Italy	68
Belgium	51
Sweden	45
Denmark	46
Greece	20