Russian Federalism: Continuing Myth or Political Salvation?

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Like its Soviet predecessor, Russia is the world's largest state and one of its most diverse. Historically, great size and diversity have intensified a number of challenges that all states face. The more diverse the state, the greater the potential sources of religious, ethnic, or racial separatism. Larger states also face greater challenges with such mundane tasks as collecting taxes, building transportation and communication networks, and maintaining educational facilities throughout the state. Thus, the threat of disintegration is generally greater for large, diverse states such as the current Russian Federation.

At independence in 1991, the further disintegration of Russia appeared inevitable. The dismemberment of the Soviet Union unleashed the centrifugal forces of ethnic nationalism, religious animosity, and regional self-interest. Once the principles of centralized rule and the immutability of borders were abandoned, a Pandora's box had been opened. The resulting centrifugal forces had no predetermined or natural endpoint. From within the fifteen designated successor states numerous ethnonationalist groups made varied claims for sovereignty, autonomy, or complete independence. The validity of the successor states' claims to independence rested not on any objective criteria but on the sometimes whimsical Soviet system of rewarding and punishing ethnic groups as they historically fell into or out of favor with Moscow. Not surprisingly, therefore, Russia faced a number of early challenges to its territorial integrity, Chechnya and Tatarstan being the most serious.

Despite numerous dire predictions, Russia has survived its first decade since the collapse of the Soviet Union. One obvious explanation is that Russia is smaller and considerably more homogeneous than was the Soviet Union. While the Soviet Union was only 50 percent Russian, Russia is more than 83 percent Russian. Russians are an outright majority in more than half of its components (known

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as subekty in the 1993 constitution). However, size and homogeneity alone cannot explain Russia's survival. Smaller and more homogenous states are regularly torn apart by their diversity. Thus, if we are to fully explain Russia's survival, serious consideration must be given to Russia's creation of a federal political system.

At first glance, Russia's adoption of federalism may seem less a conscious choice than a part of the Soviet legacy. The Soviet Union was officially a complex and multitiered federal state. Major Soviet ethnic groups were typically given their own territory, in which they lived as the privileged titular population. However, Soviet federalism was at best a myth and at worst a fraud. The federal components never had real power. In practice the Soviet Union was one of the most centralized states in history. Therefore, although Russia inherited a federal structure, it did not inherit a federal tradition. Russia's adoption of federalism should instead be conceived as a conscious effort to deal with its postindependence dilemmas.

Russia's choice of federalism was not unusual. A century ago, federalism was seen as a weak and inherently temporary form of government. English constitutional authorities such as Lord Bryce characterized federalism as "no more than a transitory step on the way to constitutional-governmental unity." In the 1930s, Laski saw federalism as a pragmatic but temporary way for Britain and other colonial authorities to shift power to more local authorities within their empires. Friedrich believed the process more frequently moved in the opposite direction, but portrayed federalism in a similar fashion. Federalism arose when a group of previously autonomous states, typically driven by the defense imperative, formed a single central government. All three saw federalism as a transitory step rather than as an end goal. Today, however, federalism is considered the hallmark of a stable, diverse state. It is a feature of many modern democracies including Australia, Canada, Germany, Spain, Switzerland, and the United States. It has been adopted to manage ethnic and religious tension in Canada, Belgium, India, Malaysia, Nigeria, Spain, and South Africa.

Federalism has become fashionable because of its perceived benefits. It can accommodate diverse minority groups within a single state. Federalism provides religious, ethnic, and cultural minority groups with a safe political base in which they can control cultural and educational policies. Second, by giving multiple minorities an entrenched political base federalism can promote pluralism and thus democracy. Third, as with early federations and leagues, the component regions receive the benefits of common defense without fully sacrificing their autonomy to the center. Fourth, like members of a free market area, the components of a federal system receive the benefits of a common market without fully surrendering economic autonomy. Finally, because federalism is based on the assumption of continual negotiation and renegotiation—among the components and between the components and the center—it provides a highly adaptable and flexible form of government. If federalism can provide even a few of those benefits to contemporary Russia, it may well prove to be Russia's political salvation. It may explain Russia's survival. The question, then, is whether federalism is Russia's political salvation or merely a continuing myth?
Answering this question requires both a workable definition of federalism and delineating the primary conditions of federalism. Elazar contends, "The simplest possible definition is self rule plus shared rule." Elsewhere he elaborates, "In the broadest sense, federalism involves the linking of individuals, groups, and polities in lasting but limited union in such a way as to provide for the energetic pursuit of common ends while maintaining the respective integrities of the parties." This basic definition, which is widely shared among experts, suggests that federalism is actually a broad category of political arrangements that include some degree of unity and some degree of territorially based autonomy. Conceptually, we might conclude—as Friedrich does—that federalism is anything between a loose association and a unitary state. We might then conceive of a federal state as the middle ground on a long continuum with unitary states at one extreme and loose associations at the other end. As Elazar notes, federalism can then be considered a broad genus, within which there are several species: confederations, federations, federacies, associated states, common markets, consociational polities, unions, condominiums, and leagues. To some degree each of these adopts the federal principle. Although Elazar provides some discussion and examples of each, it is not always easy to distinguish among them in the real world.

To evaluate Russia's progress in the construction of federalism it is necessary to explicate Elazar's definition (self-rule plus shared rule) by articulating the necessary and beneficial conditions for federalism. Arend Lijphart lists five principal attributes of a federal state. Chapman refers to three essential elements. Lynn and Novikov identify two distinguishing features, and Watts lists six common structural features. My own compilation lists five necessary conditions and five beneficial conditions for the development and maintenance of federalism. In this article, I survey developments in Russian politics since independence to assess the extent to which Russia has developed these conditions and is therefore emerging as a federal state.

**Necessary Conditions**

**Consensual Participation**

A first necessary condition of federalism, as emphasized by Dicey, is that federalism is voluntary in nature. Similarly Elazar contends that a federal system requires some form of voluntary covenant or contract among the components. More recently, Watts argues, "Federations are the consequence of reflection and choice by individuals endeavoring to facilitate through a working out of a mutually acceptable relationship within a family of independents." Scholars sometimes take this condition to imply that federalism grants the component governments an absolute right to withdraw from the federation at any time. However, most federations in practice limit the right of their components to withdraw, as the United States demonstrated during its Civil War. Granting an absolute right of secession would strip the federal government of its ability to negotiate with its components. Thus a better understanding is that a federal system is consensual to the extent that neither the federal government nor individual component governments can restructure the nature of the federal system without the consent of the other.
In the Russian Federation both the federal government and the component (subekt) governments have attempted to unilaterally change the nature of Russian federalism. Even before the final collapse of the Soviet Union during the so-called “parade of sovereignties” many components of the Russian Federation sought to unilaterally change their status and powers. Obsessed with his struggle with Soviet president Mikhail Gorbachev, then Russian president Boris Yeltsin told the Russian republics to take all the sovereignty they could swallow. Thus, for example, in 1990 Komi declared its sovereignty from the Soviet Union and subsequently declared ownership of all its mineral resources. Also in 1990, with the blessing of both Yeltsin and Gorbachev, Kaliningrad declared itself one of Russia’s six Free Economic Zones. In June 1991, it was granted customs and taxation exemptions. Sakha unilaterally raised its status to that of a republic within Russia and claimed ownership of its vast natural resources. In July 1991, Ingushetia split from Chechnya and declared itself a republic. While nearly all subekty unilaterally increased their economic and political powers, none was more successful than Tatarstan, which gained control of its extensive oil resources.

Chechnya’s November 1991 unilateral declaration of independence was seemingly the only challenge from the subekt rejected by Moscow. The Chechen case suggests that Moscow’s acceptance of subekt demands resulted more from an inability to respond than from concurrence with the demands themselves. When Yeltsin was able to challenge Chechnya, he did so. Similarly, he later sought to reclaim powers from other subekty. Although this early stage may have seemed to be a panacea for the subekt, because they were allowed to claim powers unilaterally, it had a serious drawback in that they were often incapable of exercising the powers they claimed.

After the collapse of the Soviet Union, Yeltsin, who was then in a position to grant the powers he had promised to the subekt, was less interested in doing so. Yeltsin’s support for the subekt was a way of delaying any response to their demands until Russia was in a better position to resist.10 The unilateral grab for power by the subekt was replaced by an attempt to institutionalize their gains. The negotiations took two forms. First, a number of subekt negotiated bilateral agreements, which gave them special powers and rights. The first agreements, signed with Tatarstan and Sakha in 1994, institutionalized many of the rights and powers they had claimed during the “parade of sovereignties.” Although nearly all the republics and many of the territorially defined regions quickly sought similar agreements, few provided as many concessions as the originals. Nonetheless, by the mid-1990s, forty-six subekt had signed agreements.11

In bilateral agreements, the republics generally fared better than the other subekt, which created asymmetries and resentment. To a large degree, however, the gains of the individual subekt were a function of the effectiveness of the individual subekt leaders and the strategies they pursued. More specifically, those leaders who were willing to trade their political support for Yeltsin for concessions to their own republic or region did well.

Although the constitution protected the bilateral agreements as a legal institu-
tion (see below), when the federal executive was in ascendancy, such as after Yeltsin’s dissolution of the parliament in 1993, after his reelection in 1996, and after the 2000 presidential election, the center has “retaken” powers from the subekt. Sakha lost considerable power in the mid-1990s, and Tatarstan and Bashkortostan were both stripped of some powers after their leaders’ opposition to President Putin’s party in the 1999 Duma elections. In June 1999, then president Yeltsin signed a law delimiting the bilateral agreements. Putin has also called for the creation of a common constitutional framework and for standardizing the bilateral agreements. He has even forced concessions from Tatarstan and Bashkortostan. However, he has shown no inclination to do away with bilateral agreements or significantly alter the constitutional arrangement that legitimized them.

Collectively, the subekt also developed a shared interest in protecting the concessions they won from the center. In 1993, this led to a second set of negotiations, which were multilateral and non-zero-sum. Those negotiations resulted in the signing of the Federal Treaty in March 1993. Thereafter, whether the Federal Treaty would be incorporated into the new constitution became a critical issue in center-periphery relations. Ultimately, Yeltsin did not include the text of the Federal Treaty in his draft constitution, but the constitution explicitly recognized the treaty and accepted its terms when they did not contradict the constitution itself.

Although Yeltsin took the sentiments of the subekt into account when finalizing the new constitution, the volition of the subekt was constrained. In the end, each subekt leader was given the limited choice of supporting or opposing the new constitution. Although the bilateral agreements and the Federal Treaty were negotiated through consensual processes, the constitution was not. Yeltsin’s advisers wrote it with no direct input from the subekt. Since implementing the new constitution, the federal government has made a number of other attempts to alter the balance of powers unilaterally. A key challenge has been to the autonomy of subekt executives. Unlike the presidents of the republics, most of whom had been elected since 1991, prior to the implementation of the 1993 constitution, the Russian president appointed the executives of most regions. Noting that the constitution called for “a single system of executive power,” Yeltsin tried to continue this policy even after implementation of the constitution. However, as part of his compromise with the Duma relating to the composition of the Federation Council, by 1996 he consented to the election of all subekt executives.

With that concession, the federal government lost its direct control over the governors. To reassert control, on 9 July 1997, with Yeltsin secure after reelection, he belatedly signed a much-discussed decree that took three steps to dra-

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matically increase the power of the presidential representatives. First, the representatives now supervise the personnel of all ninety federal agencies that have branches in each subekt. Second, the representatives coordinate the activities of the regional branches of those agencies. Finally, they monitor the use of federal funds in the subekt. Informally, they serve as the eyes and ears of the president in their respective subekt. Moreover presidential representatives are now sent to all subekt, including the republics.

Since 1997, the subekt have called, unsuccessfully, for abolishing the presidential representatives. The governor of the Saratov oblast threatened to liquidate the position on the grounds that it was unconstitutional, if Yeltsin continued to increase the power of his representatives. Many governors have undermined the independence of their presidential representatives, who often receive limited resources from Moscow, by developing close ties to their respective presidential representatives, lavishing perks on them, and in some cases even hiring them onto their staffs. When Yeltsin appointed representatives opposed to the subekt executive, as he did in Primorsky krai, the representatives have often proven ineffective. In Primorsky krai, Yeltsin eventually backed down and appointed one of Governor Nazdratenko’s lieutenants as the presidential representative.

When Putin came to power, he, too, promised to increase the role of the representatives. In early 2000, he dismissed more than twenty representatives, mostly in subekt governed by executives from opposition parties. However, unless Putin markedly increases the resources of his representatives, it is unlikely that they will have more control over subekt executives. Thus, while the establishment of presidential representatives can be viewed as a potential unilateral shift in the status of the subekt, the subekt’s ability to minimize the power of those representatives has markedly reduced the importance of that step.

A potential, more profound, challenge to the subekt has been the federal government’s persistent assertions of its power to remove regional executives who violate the constitution (see the section on the constitution) and its repeated suggestions that regional executives ought to again be appointed by the federal government rather than elected locally. In both cases, the unilateral changes have been largely stymied. In early 1998 then prime minister Kirienko prepared a draft law for the Duma that would have given him the power to remove a sitting governor and would have given governors the power to sack mayors. That September, then prime minister Primakov asked his government to draft legislation allowing him to remove governors who abuse their powers or violate federal laws. Subekt leaders vociferously objected that they could not be removed without the benefit of a trial. President Shaimiev of Tatarstan warned that removing subekt leaders would provoke conflicts between the federal government and the people. The subekt used the Federation Council to reject the proposed legislation.

In 1998 and 1999, then prime minister Primakov repeatedly called for amending the constitution to provide for appointed rather than elected governors. Not only was Primakov unsuccessful, but his stance eroded the strong support he once had among the subekt leaders. Ultimately, it made it much easier for Yeltsin to
remove Primakov with little resistance from the subekty. When Putin first became prime minister, he, too, expressed a preference for appointing regional executives, but he never endorsed the change as viable. As acting president, Putin continued to praise the idea but said the system of electing subekt executives was already in effect and "it would not be right to go back on it." Another unilateral change championed by many federal officials is a reduction in the number of subekt from the current eighty-nine to ten or twelve super-regions. Although the argument was first brought to national prominence by Moscow mayor Yuri Luzhkov, himself a subekt head, it was soon echoed by federal officials such as then deputy prime minister Vadim Gustov and then regional policy minister Valery Kirpichnikov. Later the idea received the support of Primakov and some consideration from Yeltsin, who actively supported the merger of the Leningrad oblast and St. Petersburg. Subekt leaders were willing to accept voluntary mergers, such as in Leningrad/St. Petersburg, but vociferously rejected a nationwide redrawing of borders such as advocated by neofascist leader Vladimir Zhirinovsky, Luzhkov, and Primakov. Although Primakov gave lip service to the idea, he took no steps to implement it. Shortly after his election as president, Putin reorganized the administration of the subekt into seven federal districts, or "superregions," but he seems to otherwise have accepted the present division of subekt.

A final recent threat from the center was a 1999 draft law to give the president the right to declare a subekt "temporarily uncontrollable territory." If passed, the law could be used by the center to seize control of any subekt that it deemed uncontrollable, and since all the subekt violated federal law, none would be truly safe. The law would circumvent the constitution, which gave the Federation Council, not the Duma, the right to declare a "state of emergency." Once again the subekt used the threat of veto by the Federation Council to quash the center's attempt to strengthen its hand. Although Putin is rumored to have considered introducing a state of emergency in Chechnya by presidential decree, he has not done so. Nor has he openly asserted his right to do so. Even in late September 1999, when Zhirinovsky floated the idea in the Duma of introducing a state of emergency in Chechnya, Putin showed no interest.

The one significant unilateral threat to change the federation since the introduction of the 1993 constitution has, of course, been Chechnya's continuing bid for independence. Without going into detail, it is sufficient to say that Russia has not conceded. Russia appears to be faring somewhat better in its second war of reconquest. Whether Russia ever succeeds in fully integrating Chechnya into the federation or not, Moscow has persuasively broadcast the message that subekt that wish to withdraw from the federation will be required to pay a prohibitively high price.

In sum, it appears that the early conflicts between Yeltsin and Gorbachev and later between Yeltsin and the Supreme Soviet gave the subekt the power to act unilaterally in their declarations of new status. Since the implementation of the 1993 constitution, however, neither side has succeeded in unilaterally altering the nature of the Russian Federation in any profound way. When the center is weak, as it was
from 1991 to 1993 and after the economic crash of 1998 (see Economic Factors below), the subekty have seized incrementally more power, but in both cases the shifts have proved largely temporary. Conversely, when the federal government is stronger and more united, as it was after the December 1993 constitutional plebiscite, after the 1996 presidential election, and after the 1999 Duma elections, the center has sought to retake powers from the region. However, since 1993 neither has unilaterally altered the federal arrangement in any meaningful way.

A Constitution that Provides a Clear and Binding Division of Meaningful Powers

A federal system must have a clear and binding specification of the rights and powers of the component governments and the central government. In the vast majority of federal systems, this takes the form of a written constitution. Clearly, Russia did not have a valid constitution prior to December 1993. The 1978 Russian constitution was largely irrelevant to Russian center-periphery relations. But does the 1993 constitution provide a clear and binding division of powers between the federal government and the components? And are both levels of government granted meaningful powers? Let us begin with the latter question.

A cursory analysis of the constitution suggests that—despite its name—the Russian Federation remains a highly centralized state. Article 71 lists eighteen powers that are granted to the federal government. They include:

- the adoption and amendment of the constitution and federal law and compliance with them
- determining the federal structure and territory of the Russian Federation
- the regulation and protection of human and citizen rights and liberties;
- the establishment of federal bodies of legislative, executive, and judiciary power
- the control and management of state property
- determining the basic principles of federal policy and programs
- establishment of the legal framework for a single market financial, monetary, credit and customs regulation, emission of money, and guidelines for price policy; federal economic services, including federal banks
- the federal budget; federal taxes and levies; federal funding of regional development; federal power grids, nuclear energy, fissionable materials, federal transport, railways, information and communications, space activities; and
- foreign trade relations of the Russian Federation.

Article 72.1 then lists fourteen issues that are placed under “the joint jurisdiction of the Russian Federation and the subjects of the Russian Federation.” Those include:

- ensuring the compliance of the republican constitutions and laws and charters and laws of the other components with the federal constitution and federal laws
- the protection of human and citizen rights and ensuring the rights of ethnic minorities
• issues of the possession, use, and management of the land, mineral resources, water, and other natural resources
• delimitation of state property
• management of natural resources, protection of the environment, ecological safety, and protecting nature reserves
• general questions of upbringing, education, science, culture, physical and cultural monuments; and
• establishment of the general guidelines for taxation and levies in the Russian Federation.

Article 73 then explains that any areas not specified as under federal jurisdiction or under joint jurisdiction of the federal government and the subekty belong exclusively to the subekty.

The list of powers included in Articles 71 and 72 is so extensive that the obvious question is what meaningful powers are left for the subekty. The answer is probably very few. Federal taxation is wholly within federal jurisdiction, and the federal government even has the power to set guidelines for taxation policy at other levels. Although the Federal Treaty’s promise of republican ownership of natural resources may remain operative, the constitution gives the federal government joint jurisdiction over the use and management of natural resources. Subsequent passages of the constitution (Article 75) also established clear federal control over monetary policy, the banking system, and state loans. In practice, however, the federal government’s role in the so-called shared powers may be more one of oversight than of control.

What makes the constitution far more acceptable to the subekty is Article 78.2, which states: “By agreement with the organs of executive power of the subekty of the Russian Federation, the federal organs of executive power may delegate to them part of their powers provided this does not contravene the Constitution of the Russian Federation or federal laws.” This single sentence opens a huge loophole, legalizing bilateral agreements between each subekt and the federal government. The contents and implementation of the bilateral treaties will ultimately determine the extent to which both levels of Russian government have meaningful powers.

Because of Article 72 and Article 78.2, the constitution is frequently criticized for its ambiguity. The concept of shared powers is never well defined and has been the source of considerable controversy. Moreover, it is not clear what limits there are on the powers that may be transferred to an individual subekt, and at what point the passing of bilateral power to a subekt violates the constitutional clause that the subekty are equal.

In practice, the actual power held by the subekty has varied markedly over time.32 In 1990 and 1991, when then Russian Supreme Soviet chairman Yeltsin and Gorbachev were locked in a struggle for control of the center, the republics were promised as much sovereignty as they could swallow. But after the Soviet collapse, Yeltsin was much slower to yield those powers. In 1992 and 1993, as Yeltsin’s relations with the Russian Supreme Soviet began to sour, he again proved to be in a
giving mood, and the Federal Treaty was signed in March 1993. However, after Yeltsin sent in the tanks to destroy his opposition he stunned the subekty by pulling the text of the Federal Treaty from his draft constitution before submitting it to a national plebiscite. He then launched a campaign to rein in the subekty, threatening to punish those that seized powers or passed legislation that contradicted the constitution. Yeltsin again took a tough line against the more independent-minded subekty after his reelection in 1996. However, the August 1998 financial crisis weakened the relative power of the federal government by reducing its financial leverage over the subekty. With less money going to the regions in subsidies, the federal government’s strongest tool of control was weakened. In 1999, Yeltsin offered a group of governors more autonomy in exchange for their support, and promised to go to battle to defend their powers. Putin too took a more conciliatory line toward the subekty when first selected as prime minister, but began pressing many subekty after his victories in the 1999 Duma elections and the 2000 presidential elections.

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Despite the vacillations both the subekty and the federal government exercise significant and meaningful powers. And, as argued in the previous section, since 1993 neither the federal government nor the subekty has succeeded in unilaterally altering the balance of powers.

Is the constitution, and the division of powers it specifies, “binding”? According to Anatoly Chubais, then presidential chief of staff, in 1996 the laws of about one-third of all the subekty violated the federal constitution, including those of all but two of the republics. In October, the Central Electoral Commission found that the electoral laws of about twenty-five subekty violated the constitution or the accompanying federal electoral law by illegally including residence and language requirements in their electoral laws. A Yabloko supporter in the Duma further concluded that many of the subekty were run by “authoritarian regimes that violate human rights and the principle of separation of powers.” Two years later, Justice Minister Pavel Krasheninnikov repeated the assertion that one-third of laws adopted by the subekty violate the constitution. In 1999, he dropped the figure down to 20 percent, although it does not appear from the context that the slightly lower figure was meant to imply improvement. Then prime minister Primakov put the figure at 70 percent of regional legislation that violated the constitution or federal law, and the federal Ministry of Justice identified some 50,000 subekty legislative acts that did not comply with the constitution or with federal law.

Many federal officials argue that the center should have the power to punish subekty that violate the Russian constitution or federal legislation. After reelec-
tion, Yeltsin signed a decree barring regional authorities from introducing taxes that were not specifically authorized by federal legislation. However, he did not invalidate the many subekt taxes that already existed without federal authorization. He left the more vigorous attack to Deputy Prime Minister Chubais. In late October, Chubais helped to organize a conference on upgrading the federal government's oversight functions with regard to the observance of the federal constitution and federal law. The conference discussed various ways of rebuking subekt that had violated federal law. Although Yeltsin took the soft approach, a commitment to meet with subekt leaders to discuss specific violations, Chubais advocated a harder line. He proposed the formation of a special body to monitor legislative activities in the subekt. According to a press analysis, Chubais knew that "It is no secret that for a long time federation components have frankly not given a damn about the Russian Constitution and federal legislation," but he was afraid to take action. "All actions against federation components were thought to threaten the disintegration of Russia." Nonetheless, the press report expressed doubt about whom Yeltsin would back if Chubais took tangible steps to rein in the subekt.

In January 1997, Yabloko's Sergei Mitrokhin urged the Duma to give the president "the authority to suspend or terminate regional laws that contradict federal legislation (in accordance with the court decisions), as well as the right to dissolve regional assemblies that pass such laws and to sack regional executives who disregard court rulings." Three months later, Yeltsin took the offensive when he told subekt leaders in a national radio address, "Listen to my warning. You have to abide by the law whether you like it or not. I have the willpower to make the whole country comply with the Russian Constitution." He also attacked the subekt for widespread corruption, which he claimed was threatening the very existence of the state. Alexei Kudrin (deputy head of the Presidential Administration) subsequently explained that the administration was taking steps to tighten control over the subekt and threatened the removal of subekt heads who violated the constitution or federal law. Mikhail Krasnov, presidential legal adviser, contended that Article 80 gave the president the power to remove even elected subekt leaders in those conditions, as he had in Amur, Bryansk, and Vologda oblasti.

On 25 April 1997, the Duma passed a law declaring the Russian constitution and federal legislation supreme and empowering the federal government to force conformity of the laws and constitutions (or charters) of the subekt to federal standards. More significantly, if enacted the law would have invalidated the existing bilateral power sharing treaties until such time as the Duma passed a separate law enacting each of the existing treaties, and it would have circumscribed the breadth of all future agreements. The Federation Council, which wanted to preserve the powers of the subekt, rejected the law. Similarly Yeltsin, who wanted to force conformity to federal law without destroying his alliance with the subekt, also opposed it.

Finally, in June 1999, the federal government adopted a new law regulating center-periphery relations, which was supposed to force all new laws to be in
accordance within the constitution. Existing legislation was to be brought into
correspondence with federal law and all existing treaties were to be re-
examined and brought into conformity within three years. Federal law #184, on
organizing subekt and local governments, was signed on 6 October 1999. It pro-
vided for the removal of subekt leaders who violated federal law or the constitu-
tion.50 However, they could be removed only after court rulings. Subekt execu-
tives can be removed by a two-thirds vote of the relevant legislative body, and the
subekt executive can disband the subekt legislature if it adopts bills that violate
federal law.

President Putin has adopted rhetoric similar to that of Yeltsin in the mid-1990s,
declaring war on “the legal chaos” caused by subekt legislation that violates fed-
eral law.51 Although Putin appears to be in a better position to force change than
Yeltsin ever was, after one year in office little has changed. Many subekt laws
still contradict the constitution and federal legislation. Many subekt constitutions
and charters remain in violation of federal law. Federal government leaders con-
tinue to complain, but little is done to force compliance.

Thus, although the 1993 constitution is the first to provide an explicit and
meaningful discussion of the division of powers in center-periphery relations, it
remains subject to criticism both for its ambiguity and for the extent to which it
continues to be violated.

**Adjudication between Levels**

The third necessary condition for federalism is some form of adjudication
between the levels of government.52 The power to adjudicate can be exercised by
frequent popular referenda but is more commonly given to a general supreme
court (as in Australia, Canada, India, Malaysia, and the United States), a specif-
ic constitutional court (as in Belgium, Germany, Russia, and Spain), or a limited
tribunal (as in Switzerland). Irrespective of the form, what is required is an impar-
tial and independent institution for settling center-periphery disputes that allows
the system to adapt to changing circumstances.

Because of the importance that federalism gives to the judiciary, it is some-
times derogatorily labeled “government by the judiciary.” Typically, this is
checked by stripping the adjudicative body of the power to enforce its own deci-
sions. Instead, the adjudicating court or tribunal must rely on its moral authority
and integrity to ensure that its decisions are carried out. Thus the impartiality and
independence of the adjudication mechanism are critical to the long-term success
of the federation. To ensure the neutrality of the adjudicating body on federal
issues, both the federal government and the components are sometimes given a
role in the formation of the adjudicative body. The most common formula is for
the federal government, in the form of the president or prime minister, to nomi-
nate members. However, members often need to be confirmed by the components,
typically through their representatives in the upper chamber of a bicameral par-
liament. While some federal systems allow representatives of the components on
the adjudication body (for example, Switzerland), that can undermine the per-
ceived impartiality of the adjudicative body.
The Soviet-era Supreme Court, which was selected by the Supreme Soviet, was technically responsible for adjudicating center-periphery disputes. In reality, the members of the Soviet Supreme Court were chosen by the Communist Party and made the decision expected of it by the party. In 1991, the Russian Supreme Court was supplemented by a Constitutional Court, but the autonomy and integrity of the courts continued to be a source of considerable concern. Moreover, neither court had a clear mandate to resolve center-periphery disputes, even if they had clear precedence and rules for doing so, which they did not.

The 1993 constitution and a 1994 law helped clarify the Constitutional Court’s mandate. According to the constitution, the Constitutional Court is responsible for ensuring that the subekty comply with the constitution (Article 125.2.b) and for resolving disputes “between state bodies of the Russian Federation and state bodies of the subekty of the Russian Federation” (Article 125.3.b) and between state bodies of the subekty (Article 125.3.c).

The Constitutional Court has far more legitimacy for adjudicating center-periphery disputes than any previous court. It now consists of nineteen judges, who are nominated by the president of the Russian Federation but must be confirmed by the Federation Council, which is composed of the representatives of the subekty. The president, the State Duma, and the Supreme Court have the power to bring cases to the Constitutional Court. But cases may also be brought to the court by one-fifth of the members of the Federation Council. Moreover, the Federation Council or the parliament of any subekt can ask the court for a binding interpretation of the constitution.

The majority of center-periphery disputes in Russia are still resolved through bilateral negotiations. Disputes are generally brought to the courts only when bilateral negotiations have failed. However, this practice seems to supplement rather than undermine the Constitutional Court’s role as the adjudicating body in Russian center-periphery relations.

The real question is, Can the Russian courts adjudicate center-periphery conflicts when needed? Since 1993, the Russian Constitutional and Supreme Courts have issued a wide variety of rulings. The majority of those have favored the federal government. The Constitutional Court has twice ruled on cases affecting Primorsky krai, one of Russia’s most troublesome subekty. First, when Governor Yevgeny Nazdratenko removed the mayor of Vladivostok, ironically for alleged corruption, the court ruled his action illegal. Later when the krai’s Duma sought to extend its term for an additional two years, the Constitutional Court ruled that this was a violation of the Russian constitution. (Yeltsin, however, failed to enforce the decision.) The Constitutional Court also ruled that the Ingush government’s referendum to change the status of Ingushetias’s procuracy was illegal. (This time the court’s decision was accepted and the referendum was canceled.) The court checked eight republics by striking down laws that required presidential candidates to speak the titular language of the republic.

The court also rejected three Federation Council proposals favored by the subekty that would have (a) given subekty the right to define districts by criteria other than size of population; (b) allowed governors to remove mayors; and (c)
allowed governors to declare elections valid if more people voted “against all” than for any given candidate.\textsuperscript{55} The court also disappointed the subekty by not allowing them to enact a subekt-wide sales tax.\textsuperscript{56} Individual justices have tried to dissuade subekt executives from seeking extra terms in office and thereby subverting their subekt’s constitution or charter.\textsuperscript{57} On a related issue, the Constitutional Court rejected an attempt by St. Petersburg to reschedule its 2000 gubernatorial elections.\textsuperscript{58} Finally, the Constitutional Court ruled against Udmurtia’s attempt to do away with the election of local officials and against Moscow’s introduction of \textit{propiska} (passes) to slow immigration.

The Constitutional Court ruled in favor of the federal government in one of its most celebrated cases. When Yeltsin tried to remove Procurator General Skuratov because of his alleged dalliance with two prostitutes, the Federation Council refused to comply. (Many believed that Yeltsin’s main goal was to stop Skuratov’s investigation of corruption in Yeltsin’s political “family.”) However, the court ruled that the constitution gave the president the power to suspend the procurator general pending a criminal investigation. The Federation Council then complied and Skuratov was effectively removed.

Although the above list is lengthy, in a number of decisions the courts have favored the subekty. For example, the Constitutional Court ruled that Belgorod and Novgorod could legally reschedule their presidential elections. The court has discouraged subekt executives from seeking a third term, but it accepted the argument that Moscow oblast mayor Anatoly Tyazhlov had a right to serve a third term, because he had been appointed to one term and elected to only one other.\textsuperscript{59} The Constitutional Court ruled that all subekty, including regions, have the right to determine the questions on any referenda within the subekt.\textsuperscript{60} The court also favored the \textit{subekty} in perhaps the most critical case, when it ruled that the people of a subekt, including the regions, have the right to select their own executives. The practical effect was that despite grumbling from the federal government (see above), all governors continue to be elected. The court has also generally implied that higher level governments may not intervene directly in the affairs of lower level ones.

Thus, although the majority of court decisions have favored the federal government, the subekty have won some key cases. Equally important, the Constitutional Court has gradually earned respect for its careful constitutional interpretation in deciding the cases it does take on. A remaining criticism, voiced by the former chair of the Constitutional Court, is that the courts have not played an active role in dealing with violations of the constitution and of federal law by subekt executives.\textsuperscript{61} Yet the October 1999 law “On the Functioning of Government Bodies,” including the subekty, requires the courts to actively decide cases of alleged violations.\textsuperscript{62}

In sum, the Constitutional Court is not yet the undisputed adjudicator of Russian center-periphery relations. However, it has played a significant role in adjudicating center-periphery conflicts and has far more legitimacy than any Russian institution that previously filled this role. Not all of its decisions have been honored, but it has been influential on numerous major issues.
Federal Representation

The fourth necessary condition for federalism is some mechanism for the components to participate in politics at the federal level. There are many institutional arrangements that can provide component representation. (Possibly the most unique was the rotating presidency used in Yugoslavia after Tito’s death.) However, the most common locus of component representation is in the federal legislature. Friedrich, Lijphart, and Merkel all conclude that most modern federal states have bicameral legislatures, in which the upper chamber contains representatives from the territorial components. King calls this the most distinctive characteristic of a federal state. The method by which representatives are chosen varies dramatically. In Canada they are appointed by the federal government, and Switzerland leaves the method of selection up to the components. In India representatives are elected by the state legislature. Similarly, prior to 1913 in the United States the state legislatures were free to select their senators. (Practice, however, varied widely. Some states held non-binding popular votes, which effectively determined the legislature’s selections.)

Some federal states provide regional component representation in both chambers. For example, although the members of the U.S. House of Representatives are not chosen by their states, each member is identified with a state, is considered part of a single state delegation, and no district is drawn across state boundaries. Thus while the Senate maximizes representation for small states, by providing equal representation for all states, the U.S. House of Representatives, where representation is based on population size, was designed to provide more effective representation for large states.

Although the powers of the upper chamber vary greatly among federal states, the upper chamber generally possesses powers that give it a special role in areas of relatively greater concern to the components. Although practice varies, these commonly include confirmation of federal judges, approval of the federal budget, changes in tax laws affecting the components, territorial changes, education policy, language policy, and cultural policy.

Through most of the Soviet era, the components of the Soviet Union had no meaningful representation in its legislature. The components of Russia were given limited representation in Gorbachev’s Congress of People’s Deputies of the Soviet Union (formed in 1989), as well as in the Russian Congress, but the representatives had little or no loyalty to the emerging subekt governments. In both cases, a higher level Supreme Soviet was elected by and from the Congress. In the Russian Supreme Soviet, which served as Russia’s parliament until October 1993, there was no guarantee of subekt representation.

"Historically, the Federation Council has been a relatively weak federal institution, which mainly supports the president against the Duma, or occasionally the reverse."
The 1993 constitution created a bicameral parliament, known collectively as the Federal Assembly. Although members of both chambers were initially selected concomitant with the plebiscite on the 1993 constitution, the constitution did not specify the method of selection of either chamber. Instead, the method was left to federal law and has subsequently been a source of contention. In general, the subekty have sought to increase the regional affiliation of the State Duma (the lower chamber), while increasing the directness of their representation in the Federation Council (the upper chamber).

The State Duma elected in 1993 contained 225 members elected by party lists and 225 members elected from single member districts. The subekty complained that most of those elected by party lists came from Moscow and St. Petersburg and had no real affiliation with or loyalty to any subekt. Their representatives in the Federation Council believed that this formula did not give the subekty a real role in federal politics. Thus, in spring 1995 they twice rejected the Duma's draft law on parliamentary elections because it provided the same 225/225 split. After a presidential veto and two unsuccessful Duma attempts to override the veto, a compromise was struck. The compromise provided the same split, but limited each party to twelve candidates on their list without a regional affiliation. This system, which has been used in 1995, 1997, and 1999, has done little to change the Duma's composition. If four parties win more than 10 percent of the vote and thus win seats by proportional representation, then there are forty-eight representatives without regional affiliation. If five parties win seats by proportional representation, then there would be sixty representatives without regional affiliation. In practice, regardless of how they were elected or any listed regional affiliation, most Duma members have more loyalty to their party than to their listed region. Regional leaders and regionally based parties continue to call for changing the method for electing the Duma, but with little effect.

An effort with more promise was the attempt by some subekty leaders to form regionally based parties to capture the 1999 Duma elections. Despite its initial promise, this effort ultimately failed (see section below on federal parties).

In summer 1993, Yeltsin promised the subekty representation in the Federation Council (FC), but the constitution did not specify the form of representation. Subekt leaders wanted automatic representation for the legislative and executive heads of each subekt. In the 1993 elections, however, Yeltsin required direct election of FC members, or senators, as they soon became known. As a last minute concession to the subekty, Yeltsin agreed to let government officials serve as senators without resigning their positions at home. As a result, many subekt leaders were elected to the FC. Of the 175 senators, 41 were governors of their territories, 16 were republican heads, 13 were heads or deputy heads of their local soviets, and 7 were mayors.

As the December 1995 parliamentary elections approached, the debate over the selection of the Federation Council was rekindled. A majority in the Duma believed that the FC should be elected directly. Their only concession was to suggest that the subekty be given a role in the nomination process. Subekt leaders, however, wanted the legislative and executive heads of the subekty to either to
receive automatic appointment to the Federation Council or to be allowed to select their representation. Yeltsin was generally sympathetic to the subekt's position. Although most republican leaders were popularly elected, the governors of most of the regions were handpicked by Yeltsin and were subject to removal by Yeltsin. In September 1996, 99 of the 178 senators were considered Yeltsin loyalists. After Yeltsin vetoed a number of draft laws from the Duma, a compromise was reached. The executive and legislative heads of each of the 89 subekt would continue to serve in the Federation Council, but all appointed subekt executive heads were required to stand for election no later than December 1996. The FC rejected the compromise, but the State Duma overrode the FC and Yeltsin signed the bill into law. Subsequent calls for returning to an elected FC have gone largely unheeded.

Historically, the FC has been a relatively weak federal institution, which mainly supports the president against the Duma, or occasionally the reverse. There are both legal and institutional reasons for this. Legally, the constitution makes the State Duma the primary source of legislation. The FC can veto legislation, if it does not approve or veto within fourteen days, many kinds of legislation can become law without action by the FC. Institutionally, it is weak precisely because it is composed of subekt leaders who can afford to be in session (in Moscow) for only a few days each month. The FC has even resorted to postal voting in a vain attempt to keep up with its workload.

Since 1993, the subekt, and to a lesser extent the president, have sought to increase the power and role of the FC. In particular, many senators have argued that the Federation Council should play a direct role in the preparation of the budget and in personnel issues at the federal level. As a practical step toward that end, in 1997 President Yeltsin increased the size of professional staff available to the FC. But it was the Russian economic collapse of August 1998 that pushed the subekt heads and the FC to greater prominence.

Has the FC given the subekt a meaningful role in federal politics? There is considerable anecdotal evidence to support an affirmative conclusion. The northern subekt have used the FC to pry investment funds and transportation support from the federal government. Although the FC avoided any appearance of support for Governor Nazdratenko in Primorsky krai, it simultaneously opposed Yeltsin's attempt to usurp his powers by increasing the role of his presidential representative. It thus backed the autonomy of the subekt without backing Nazdratenko. Similarly, Ingmar Oldberg reports that Vladimir Shumeiko, the oblast's representative in the FC and its speaker from 1993 to 1995, used the Federation Council to advocate and later defend Kaliningrad's status as a Free Economic Zone.

The FC cannot defend every subekt, but collectively the subekt have had some notable successes. Their most critical early victory was to force the compromise that gave subekt executives and parliamentary heads automatic representation in the FC. They have also foiled attempts to change the manner in which subekt heads are elected and any involuntary reduction in their number. After the August 1998 Russian economic collapse the FC became considerably more
assertive. Primorsky krai governor Yevgeny Nazdratenko declared that the FC “is now the most powerful state body.” In 1999, the FC three times rejected Yeltsin’s attempt to remove Procurator General Skuratov, and it defeated legislation designed to give the Duma the right to declare a subekt “ungovernable.” Also in 1999, the FC blocked approval of a federal budget until the government increased spending for the subekt.

During the same period there was considerable interest in giving the subekt executives a greater role in the federal executive. Believing that they had contributed to the fall of his predecessor, then prime minister Yevgeny Primakov gave key roles in his inner circle to influential subekt executives. Ultimately this evolved into the creation of presidium that included the heads of Russia’s eight inter-regional associations and theoretically gave them power equal to that of federal ministers. Primakov’s successor, Stepashin, followed the same model. Although Putin did not use this model, he placed greater emphasis on consulting with subekt heads outside the FC. However, many of the inter-regional associations, which were founded on the basis of a November 1991 presidential decree, are largely artificial creations.

Increasingly, economic differences and republic-region splits are more important factors than geographic ones in inter-subekt politics.

Nonetheless, federal leaders have made an effort to consult subekt executives. Despite the Duma’s role in confirming the prime minister, both Stepashin and Putin met with Federation Council leaders more than with Duma leaders prior to being confirmed as prime minister. Stepashin also rearranged the ministerial structure so that the Ministry of Federal Affairs and Nationalities would report directly to him, rather than to one of the deputy ministers. (Just prior to his removal, Stepashin also called for a revival of the Union of Governors, which existed prior to the 1993 conflict.) In 1998 and 1999, then president Yeltsin held monthly meetings with select, generally supportive groups of governors. Also in 1999, Putin consulted them about the hostilities in Dagestan and Chechnya, whereas Yeltsin promised to give them a greater role on foreign policy issues, particularly the union with Belarus.

Thus the subekt now have meaningful, institutionalized representation in federal politics. Although the FC is not, as Nazdratenko suggested, the most influential institution in Russian politics, its role has increased, especially since 1998. In addition, the subekt have found new avenues, both formal and informal, to influence policymaking at the federal level. Undoubtedly this is more meaningful representation than has ever before existed in Russia or the Soviet Union.

A Federal Political Culture

Irrespective of the structural characteristics, most scholars agree that federalism cannot survive without a supportive political culture. Watts explains: “What we can learn from other federations that have succeeded is that even more important than their formal structures has been the public acceptance of the basic values and processes required for a federal system.” What values must a political culture inculcate to support federalism? Those most commonly mentioned include tolerance of diversity, acceptance of multiple loyalties, mutual forbearance and self-
restraint in the pursuit of goals, commitment to negotiation as a method for resolving disputes, and willingness to change. Numerous examples can be cited to illustrate the importance of political culture, but for our purposes a few will suffice. For federalism to succeed, Americans have had to accept the practices of diverse religious and ethnic minorities. Thus, what is legal in Nevada (including prostitution and gambling), is strictly prohibited throughout the Mormon communities in neighboring Utah. For federalism to succeed in Spain, the federal government has had to accept the fact that most Basques owe their first loyalty to the region. For federalism to succeed, English-speaking Canadians have had to refrain from using their numerical superiority to pass laws and practices that threaten the language and cultural practices of French speakers. Instead, they have accepted a seemingly endless process of renegotiation as to the terms of Quebec’s participation in Canada.

Although political culture is extremely difficult to assess, the general presumption is that Soviet political culture was inimical to federalism. Not only were multiple loyalties not welcome, loyalties that contradicted the goals of the Communist Party were traitorous. Not only was diversity not promoted, but many forms of diversity (political, religious, or social) were publicly discouraged. The religious proselytizing of religion was officially illegal. There was no mutual forbearance in the pursuit of goals, but all means were legitimate in the pursuit of communism. There was no commitment to political negotiations, but the Soviet leadership was supposed to be uncompromising in its pursuit of the correct path to communism. Finally, although there was a commitment to change, the direction of change was ideologically variable.

Leonid Smyrnygin, Yeltsin’s former regional specialist, complained that Russia’s centralization “engenders many disappointing defects in the political culture of the Russian people, such as the habit of seeing ‘real authority’ only in the leadership of Moscow, making it responsible for everything, and resigning oneself to the tyranny of local authorities.”

Similarly, as Midkhat Farukshine argues, the aspects of Russian culture that work against federalism include not only a limited democratic tradition, but “a centuries old tradition of rigid bureaucratic centralized decision making.”

Yet there is evidence that Russian political culture is becoming more tolerant of multiple loyalties. A recent study of Russian center-periphery relations found that in all six of the subekty analyzed there was significant support for greater local control over economic resources and policy. Yet in five of the six subekt—Chechnya was the obvious exception—there was no tangible support for a break with the Russian Federation. In short, although people are generally disil-

"Aside from the Chechens, there is no significant minority actively seeking independence. Instead, the goal of most ethnic groups is to improve their lot within the Russian Federation."
lusioned with government in general, the people of the Russian Federation appear to be developing an attachment to local government and its importance without abandoning their commitment to the Russian state. Even in Sakha and Tatarstan, both of which are led by non-Russian presidents, any support for independence that once existed has waned. If nothing else, citizens of the Russian Federation now participate in electing both subekt and national officials and expect returns from both levels of government. This dual identity is still developing in Russia, but it may engender support for federalism in the long term.

There is little evidence that the citizens of the Russian Federation are becoming more tolerant of diversity. Ethnic tensions, which once simmered below the surface in the Soviet Union, have now boiled over. Russian toleration for Chechens and vice versa has dissipated. Tension between Chechens and Ingush forced a split of the once joined republic. More positively, aside from the Chechens, there is no significant minority actively seeking independence. Instead, the goal of most ethnic groups is to improve their lot within the Russian Federation.

It is also promising that most ethnic disputes in Russia have been settled through negotiations as is typical of federalism. For example, the recent Karachaevo-Cherkessiya dispute was ignited by the May 1999 election of a Karachai as the republic’s new president. (Karachaevo-Cherkessiya was the last subekt to hold executive elections.) This led to protests and demands for separation on the part of the Cherkess, who are numerically fewer than the Karachai. The Karachai wanted the federal government to confirm Vladimir Semenov as president. However, after federal mediation both sides accepted a compromise whereby Semenov assumed the presidency, but providing that on 22 October 2000 a referendum would determine both the future of Semenov’s presidency and whether the republic would be split along ethnic lines. Although the promised referendum apparently never occurred, Semenov eventually accepted a compromise negotiated by a presidential representative that required him to name a Russian vice president and a Cherkess prime minister. Although the Chechen conflict and the manner in which it has been mishandled have received far more international attention, recent events in Karachaevo-Cherkessiya are far more typical. Chechnya stands as a horrific example of Russia’s lack of tolerance for diversity, but its lack of commitment to negotiations, and its lack of self-restraint, it remains atypical.

Although Russia does not have a political culture that encourages federalism to the same extent as the religious diversity of colonial America or the long history of regional autonomy in Switzerland, compared with the Soviet Union, the Russian political culture has become more nurturing of federalism. Progress is also visible in the manner in which most ethnic disputes are handled.

**Beneficial Conditions**

There is not sufficient room for an equally thorough analysis of the beneficial conditions of federalism. Those are conditions that do not appear absolutely necessary for federalism, and are clearly not present in every federal case, but that logically facilitate the development and sustenance of federalism. The first con-
dition is a relative balance of power between the center and the periphery collectively.

**Symmetry among the Components**

Asymmetry among the components is potentially as problematic as a power imbalance between the center and the components collectively. As Elazar argued, federalism is likely to fail whenever "one entity is clearly dominant" over all the others.88 Despite Moscow's political and economic importance, with eighty-nine subekty, none is able to dominate. Nonetheless, Russia was designed as an asymmetric federal system, meaning that the subekty are not equal. Russia has both political asymmetry—differences in political power that arise from varied cultural, economic, and political conditions—and constitutional asymmetry—in which there are legal differences in the powers constitutionally granted to the varied component governments.

Some degree of political asymmetry is inevitable since no two components in any federation can possess exactly the same natural resource distribution, workforce, health conditions, or proximity to the capital. Thus, relative changes often are more important than the absolute differences. Evidence suggests that after 1965 there was a gradual convergence of Russia's regions and republics.89 They were becoming more and more alike as measured by indicators such as infant mortality, economic productivity, standard of living, and crime. At the start of perestroika the trend toward convergence was quickly reversed. Since Russian independence the gap between the poorest and the richest subekty has grown rapidly. Between 1994 and 1997, the richest nine subekty went from a per capita income 3.19 times that of the poorest ten to per capita income 3.66 times that of the poorest.90 Because greater wealth is often translated into greater political power, the change entailed a net increase in political asymmetry, which appears to be growing.

There has also been considerable fluctuation in the level of constitutional asymmetry among Russia's subekty. During the parade of sovereignties, the republics claimed dramatic new powers that were not given to the territorially designated subekty. Both the federal treaty and the new constitution, which provided for separate bilateral agreements between each subekt and the federal government, reinforced this asymmetry, with the result that no two federal relationships are exactly alike.

The asymmetry inherent in the bilateral treaties has led to a plethora of complaints and criticisms. First, the donor subekty (those that contribute more to the federal budget than they receive) feel that they have been unjustly required to subsidize their poorer neighbors. The imbalance between what the donor subekty contribute to the center and what they receive from the center has been a source of frustration and engendered demands for autonomy. In October 1996, Moscow mayor Luzhkov complained that a mere ten donor subekty, primarily regions, were subsidizing the rest of Russia.91 He suggested that the donor regions, including Moscow, should be allowed to keep 60–65 percent of their taxes and the other subekty be told to "look after yourself." (Luzhkov subsequently convened meet-
ings among the so-called donors to form a common front.) The argument over
the number of donor regions and their burden provoked considerable controver-
sy. Analysts typically placed the number of donor subekt at between nine and
fifteen. Alexander Lavrov, adviser to the territorial department of the president,
concluded that there were actually thirty-two donor regions. However, he com-
plained that dividing the subekt between donors and recipients was "an infant-
tile disorder of Russian federalism."93

Echoing Luzhkov, the chairman of the Federation Council Committee on Con-
stitutional Legislation and Legal Issues said that the inequality of the subekt was
one of the most pressing issues facing Russia.94 In his view, the asymmetry was in
direct contradiction to the promise of equal treatment contained in the constitu-
tion. Yeltsin argued in his radio address that the unevenness of economic develop-
among the subekt was the most acute problem Russia faced.95 However, since the
donor subekt remain a small percentage of the total, they are underrepresented in
the FC relative to the recipient subekt.

A criticism frequently lodged by the poorer subekt is that the greater wealth
of their neighbors results not from their greater natural resources but from the
political concessions they have won from the center. Federal leaders also some-
times blame the inequality on the bilateral agreements. While railing against the
"double standards" among the treatments of Russia’s subekt, Federation Coun-
cil chairman Yegor Stroev criticized the highly favorable terms received by a
select group of subekt.96 Similarly, Valery Zubov, the governor of Krasnoyarsk,
said that the leaders of the seventeen-member Siberian Accord opposed the spe-
cial privileges granted to some subekt.97 Luzhkov once joked that maybe
Moscow should join Tatarstan or Sakha to take advantage of their deal.

Although Russia’s constitutional asymmetry is considerable, Philip Hanson’s
research suggests that the primary cause of the economic inequality among Rus-
sia’s subekt is not the difference in their bilateral arrangements with the center,
but rather the preexisting differences in their resources, population, and capital.98
He also points out that the inequality within individual subekt is greater than
that among them.

Another criticism concerns the nested nature of some inter-subekt relation-
ships. The Russian Federation contains one autonomous oblast, ten okruga
(autonomous areas), and two federal cities (Moscow and St. Petersburg). The lat-
ter twelve subekt are in other subekt. For example, the Nenets autonomous
okrug is inside the Arkhangelsk oblast. Historically, the government of Nenets
was largely subservient to that of Arkhangelsk. As Helge Blakkisrud points out,
Article 66.4 states that “the relations of autonomous okruga forming part
[vkhodyashchie v sostav] of a krai or oblast may be regulated by federal law and
a treaty between the bodies of state powers of the autonomous okrug and, respec-
tively, by the bodies of state power of the krai or oblast.”99 This implies that the
autonomous okruga are subordinate to the subekt in which they are situated.
Conversely, the constitution twice states that “All subekt of the Russian Feder-
ation shall be equal [ravnopravny] among themselves” (Articles 5.1 and 5.4).
Therefore, the constitution at some points implies subordination and at others
insists on equality. In practice, this creates a difficult relationship. For example, it was only after considerable acrimony and pressure from Moscow that Nenets and Arkhangelsk reached a bilateral agreement in which profits from Nenets's resources were shared.

A fourth criticism is that Russia's asymmetrical federalism rewards the wrong subekty. More specifically, it rewards those that "grab first," and not those with the greatest need. Moreover, the subekt leaders most effective in accruing new powers are those with the closest ties to Moscow. The long term effect of this is to reward subekt based on the loyalty of their leaders to Moscow, irrespective of the democratic nature of their governance or lack thereof. Conversely, bilateral agreements also tend to reward those subekt that are least committed to the Russian Federation and are most demanding. As both FC speaker Yegor Stroev and Kemerevo governor Aman Tuleyev argued, those escalating demands may promote the disintegration of Russia.

A fifth but related problem is that in their eagerness to claim new powers subekt claim powers that they are not prepared to exercise. Smyrnygin suggests that "the rate of federalization has outpaced the ability of the federal authorities to control it." A sixth problem is that asymmetric federalism tends to undermine the relationships among the subekt. Because each subekt negotiates its own bilateral agreement, each is trapped in a competitive, zero-sum game; a gain for one subekt is viewed as a loss for all others. At another level, the territorially defined regions tend to be jealous and bitter about the powers granted to the republics. Not only does this create a system rife with jealousy and resentment, but it also encourages a free rider problem, in which each subekt focuses the majority of its energies on its bilateral demands while minimizing the importance it places on solving problems common to all subekt.

A final criticism is that the bilateral agreements and the asymmetry they produce "may destroy constitutional norms." The treaties undermine the constitution because the real division of powers is determined not by the constitution but by the bilateral agreements. Moreover, until 1999 the real division of powers was often set out in unpublished appendices to the bilateral agreements.

The arguments favoring bilateral agreements and the concept of asymmetrical federalism are fewer but are equally persuasive. First and foremost, on a political level asymmetrical federalism has mostly satiated those republics that were most likely to seek independence or greater autonomy. Thus republican leaders such as Tatarstan president Shaimiev and Bashkortostan president Rakhimov praise asymmetrical federalism, claiming it has resolved problems in center-periphery relations and prevented the disintegration of the Russian

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"The development of noncentralized federal political parties is one of the beneficial conditions of federalism in which Russia is most consistently found to be deficient."
Federation. Given the popularity of asymmetrical federalism in the republics, any political attempt to reduce the asymmetry could prove dangerous to Russia.

A second argument in favor of asymmetrical federalism is that because Russia is such a large and diverse federation some asymmetry is necessary. As Khoperskaya argues, ethnic minorities, which exist mainly in the republics, have special problems that can be appeased by greater autonomy. For example, to maintain civil order in Islamic subekty it is important to have laws that create respect for Islamic traditions and religious practices. Asymmetrical federalism makes this possible. Large ethnic minorities also place greater fiscal demands on many of the republics than on the territorially defined subekty. They must pay additional costs of multilingual courts and schools and provide varying cultural education. If Russia’s subekty really have markedly different needs and abilities, it may be, as Sergei Shakhrai, chairman of the Commission for Preparing Treaties, contended, that the treaties have kept the peace and are helping to build order from the ground up. Similarly, some external experts contend that Russia’s negotiated asymmetrical federalism allows Russia to adapt to both changing conditions and the varied abilities of its subekty.

Given the diametrically opposite nature of these views of asymmetrical federalism, it should not be surprising that Russia has not had a consistent policy over time. In general, the pattern is the same as that of the distribution of power. When the center was weak Russia’s asymmetry increased as the republics and more powerful territorially defined subekty seized or negotiated more power. But when the center was strong and reclaimed powers, its focus was on the more autonomous subekty. It thereby decreased the asymmetry of Russia’s federalism. Since the implementation of the 1993 constitution, the federal government has sought to decrease the amount of asymmetry without attacking the system of bilateral treaties. Between 1995 and 1997, many subekty lost unique tax concessions. During the same period, many regions were given powers similar to those gained by the republics. In April 1997, the Duma passed a general law delimiting the division of power between the federal government and subekty that would have voided all existing bilateral agreements. However, it was unacceptable to both the FC and the government. Instead, the government’s policy, spearheaded by Chubais, was to gradually curb the most obvious excesses on a case-by-case basis. In July 1999, a law was signed regulating center-periphery relations and limiting the nature of bilateral agreements. The law required that drafts of bilateral agreements be made public. Major agreements that were renewed thereafter, such as those with Bashkortostan and Tatarstan, stripped the relevant subekty of some of their unique gains.

In sum, the asymmetry among Russia’s subekty is considerable and remains a source of problems between specific subekty, between groups of subekty, and between the subekty and the center. Nonetheless, peaceful solutions are being found to many of the problems. Finally, although the level of asymmetry has been reduced, asymmetry allows the federal government to satiate the more aggressive subekty, which might otherwise seek independence.
Federal Political Parties

The development of noncentralized federal political parties is one of the beneficial conditions of federalism in which Russia is most consistently found to be deficient. Such parties did not exist in many classical cases of federalism and do not exist in all federal states today. However, they can greatly benefit a federal system by providing additional forums for federal bargaining. Noncentralized federal parties are essentially those that are formed from the bottom up by bargaining among regional elites. In the United States, for example, both the Democratic and Republican parties issue party platforms that incorporate planks that are pushed by regional party affiliates with varied political interests. The Republican Party platform might include subsidies for domestic oil production, which are being pushed by the Texas Republican Party, and supports for the logging industry in Oregon. Conversely, the Democratic Party may include support for East Coast ship builders and Midwestern dairy farmers. In those circumstances, some of the tough bargaining in center-periphery relations occurs within the parties as they compete to build a winning national coalition. This in turn reduces the intensity of the bargaining over center-periphery relations that national and periphery governments must resolve.

Since collapse of the Soviet Union, the main criticism of Russian political parties is that, with the exception of the Communist Party of Russia, they are not true parties. Instead of serving as forums for negotiating a national consensus, they are mechanisms for supporting leading government or opposition leaders. For example, while Yabloko—whose name is a composite of the last name of its three founders—has an identifiable ideology, it is effectively a mechanism for supporting Grigory Yavlinsky and his views. Following Yavlinsky, it has refused to cooperate with ideologically similar parties. In practice, Yabloko's organizational reach is limited to Moscow and St. Petersburg. Similarly, "Our Home Is Russia" was created largely to support then prime minister—and one time presidential heir apparent—Viktor Chernomyrdin. However, when Chernomyrdin fell out of Yeltsin's favor and was removed from office, "Our Home Is Russia" rapidly declined in importance.

In 1999, there appeared to be some positive developments in the formation of federal parties. In January 1999, Samara's Governor Konstantin Titov announced the formation of Golos Rossii (Voice of Russia), which attracted the support of approximately thirty regional leaders, including many influential oblast governors, and appeared to be Russia's first regionally based national party. In April, Golos Rossii was joined by Vsya Rossii (All Russia), which was led by Tatarstan president Shaimiev and attracted much of its support from the republics. Although Vsya Rossii drained some of its support from Golos Rossii, there was considerable speculation that the two parties would unite, or at least form an alliance representing the majority of Russia's subekty. During that summer, both parties sought to broaden their bases. Golos Rossii signed an alliance with four other right-of-center blocs, and Vsya Rossii announced a pending alliance with Moscow mayor Luzhkov's Otechestvo (Fatherland), which was finalized in August. The one downside was that Golos Rossii was in alliance with former
prime minister Kirienko, who was anathema to many republican heads, and that reduced the chances of any further grand alliance. By the summer, however, an Otechestvo-Vsya Rossii (OVR) alliance brought together two of Russia’s strongest parties and appeared to create a winning coalition. Although Vsya Rossii had the support of many more subekt leaders, Otechestvo brought to the table the leaders of approximately twenty regions, including many from Moscow and European Russia where Vsya Rossii was weak. The alliance between the republican leader and Mayor Luzhkov—who many considered most likely to succeed Yeltsin as Russia’s president—seemed to be an impressive bloc and precisely the type of natural coalition party that could sort out key issues in center-periphery relations.

The threat was serious enough that it lead Yeltsin to purge many of his officials who had been responsible for dealing with the subekty, and it was ultimately a major factor in Yeltsin’s decision to replace then prime minister Stepashin. A number of government officials and Yeltsin supporters claimed that it was illegal for regional leaders to play an active role in the formation of national parties. However, there was little legal basis for this argument. A more effective response began in fall 1999 when the Kremlin orchestrated the launching of a rival party called Yedinstvo (Unity). Although the party was officially formed with the support of fifty members of the Federation Council and claimed to be a regional party, from the perspective of most political observers, it was a Kremlin initiative. More specifically, Boris Berezovsky—a leading oligarch and a key member of Yeltsin’s political “family”—played a key role in Yedinstvo’s creation.

Regardless of its origins, Yedinstvo very quickly lined up the support of an impressive number of regional leaders. Although there were a few notable defections from OVR, such as Primorsky krai governor Nazdratenko and Ilyumzhinov, the majority of Yedinstvo’s regional backers tended be less well known than their OVR counterparts and many were becoming involved in federal politics for the first time. One characteristic shared by both the defectors from OVR and the newcomers to federal politics is that nearly all of them came from poorer, have-not regions, as opposed to the supporters of OVR, who tended to come from the wealthier regions. That led to the suspicion that Yedinstvo had simply lined up the regional leaders who were most dependent on Moscow for subsidies and were not in a position to say no to Yedinstvo. There is also considerable evidence that regional leaders were pressured, cajoled, and bribed into supporting Yedinstvo. A textbook example was the way in which Rostov governor Vladimir Chub was weaned away from OVR. First, a new banker with ties to the Kremlin began demanding that Rostov repay its overdue debt. Second, a new police chief with close ties to the Interior Ministry was appointed in the region. During the same period, Rostov was threatened with an energy cutoff. Then Putin visited the region in the September, Chub signed on with Yedinstvo, and the above problems were rapidly resolved. More generally, a number of regional leaders appear to have been offered federal money with little oversight or “relief from pesky investigations by law enforcement agencies” in exchange for supporting Yedinstvo.

With those heavy handed tactics and the rapidly growing personal popularity
of Prime Minister Vladimir Putin, Yedinstvo’s prospects rapidly improved. As late
as October, some Russian analysts thought Yedinstvo had little chance of winning
many votes in the Duma elections. But when the votes were counted in Decem-
ber, Yedinstvo finished second, less than a percentage point behind the Commu-
nist Party, with 23.3 percent of the vote. Although OVR fared better than Yedin-
stvo in the single-member district voting, in the popular vote it finished a distant
third with only 13.3 percent of the vote.

The disparity in influence in the Duma was even greater. Within weeks of the
election OVR began to crumble. With Yedinstvo victorious and Putin anointed as
Yeltsin’s heir apparent, both by Yeltsin and in the polls, Shaimiev and other repub-
lican heads among OVR’s leadership saw the need to quickly attempt to make
amends with Putin. Pressured with the loss of access to outside oil, Shaimiev and many
other republican heads in Vsya Rossii held individual meet-
ings with Putin. (As one report stated, they were seeking
Putin’s forgiveness for having backed Vsya Rossii). As result,
Shaimiev soon endorsed Putin for president and over the following months rene-
gotiated Tatarstan’s bilateral agreement on terms less favorable to Tatarstan than
the previous agreement. As a result, OVR was a gradually diminished until only
Otechestvo supporters remained, which markedly decreased its influence in the
Duma.24

Conversely, with the support of more and more regional executives, including
many previously pledged to other parties, Yedinstvo rapidly grew in influence,
despite its lack of a guiding platform or a clear position on center-periphery rela-
tions. With Putin’s election as president in March 2000, Yedinstvo’s dominance
in the Duma was assured. Although it was not the largest party in the Duma, it
was the most influential. To pass policy on the Left it can align with the Com-
munists, and to pass any policy liberalizations it can align with the bloc of free
enterprise parties on the Right.

From the perspective of Russian federalism, the rise of Golos Rossii and later
Vsya Rossii were positive developments that suggested the emergence of real fed-
eral political parties capable of ameliorating some center-periphery conflict.
Their willingness to ally with national parties must also be seen as positive. How-
ever, the ultimate collapse of both parties and the emergence of Yedinstvo, a more
personalistic and Moscow driven organization, marked the failure of what had
appeared to be a very promising development.

Despite Russia’s inability thus far to produce a truly federal political party, there
are some positive signs. First, there has been a narrowing of regional blocs and
parties in Russia, which has given greater coherence to the system.25 Second,
although the Communist Party remains Russia's one true national party, it has lost significant support. Third, the role of subekt politicians in Russian politics has markedly increased. Although they failed to form a winning coalition in the Duma elections, candidates backed by their respective regional executives won 89 of the 152 seats in the district elections. Moreover, there was a direct correlation between the relative strength of a governor in his region and his success in endorsing Duma candidates. Subekt executives are now almost universally perceived as important in federal politics. Although Golos Rossi and Vsy Rossi failed to capture the Duma, they demonstrated the potential of subekt executives. This was not lost on Yedinstvo leaders, who worked hard albeit dirtily to line up their support. In short, some degree of mutual dependence has developed in Russian parties. Most subekt executives remain dependent on Moscow for subsidies and are susceptible to heavy handed tactics, but Moscow-based parties increasingly understand the potency of regional backing in constructing winning national political parties. If this proves to be a lasting change in Russian politics, it will benefit federalism and may lead to the federalization of future Russian parties.

Noncentralized Bureaucracy
A highly centralized bureaucracy is inimical to federalism because it provides a powerful tool for the center to control the policies of the component governments. The Soviet Union maintained the archetypal centralized bureaucracy: All roads led to Moscow, and all bureaucratic decisions passed through Moscow. If an auto plant in Tatarstan needed fuel from a refinery in neighboring Bashkortostan, the decision—and sometimes even the oil—had to go through Moscow.

When the Soviet Union collapsed, control of the huge Soviet bureaucracy in the subekt was up for grabs. The practical effect of the subekt's grabs for sovereignty in the first two institutional stages was that many subekt took control of and responsibility for bureaucracies based in their territories. Sakha and Tatarstan are the most extreme examples. Both received the right to control the expenditure of federal taxes spent by federal agencies in their territories. Ultimately, however, many of the concessions were taken back. The center is acting more decisively to maintain control of the bureaucracy. In 1998, for example, it intervened to stop a referendum that—if passed—would have transferred control of the procuracy in the Ingush republic to the republican government. Nonetheless, the Russian economic collapse of 1998 left the federal government unable to cover the needs of many of its ministries, and the subekt that were willing and able to provide resources to the ministries gained considerable influence over them.

Clearly, control of the Russian bureaucracy is still an area of considerable political conflict. However, it is equally clear that the Russian bureaucracy today is considerably less centralized than it was a decade ago.

Democracy
Democracy is not a necessary condition for federalism. Many ancient federal systems and some modern ones as well (for example, the United Arab Emirates) were not democracies. Nonetheless, democracy can be of considerable benefit to fed-
eral systems. Democracy typically empowers minority groups by giving them the vote and by creating systems that are not winner-take-all. Federalism also allows many minority groups to sustain themselves by making them the majority within a specific component of the larger state. Thus, in democratic states with significant minorities, minority groups frequently become a political basis of support for federalism.

On one hand, Russian democracy has clearly made dramatic strides in the last decade. At the federal level, Russia has held two (1996 and 2000) democratic, internationally monitored, presidential elections (three if the 1991 election is included). It held competitive parliamentary elections in 1993, 1995, 1997, and 1999. In each of these elections an opposition party has won the most seats. On the other hand, there has been evidence of significant fraud and corruption in Russia's federal elections. Moreover, serious questions can be raised about Yeltsin's attack on the old Supreme Soviet, which some have likened to an internal coup. There have also been criticisms of the fairness of the constitutional plebiscite. However, although Russian democracy may be overly personalistic and is plagued by corruption, Russia is far more democratic today than at any time since 1918.

A similar conclusion is reasonable for the subekt level. With one exception, every subekt has now held elections for its executive and regularly holds legislative elections. A number of incumbent regional executives have lost elections and left peacefully. However, regional executives have become powerful autocrats who ignore the constitution and the basic principles of democracy. They are checked only erratically by the center, which seems either unwilling or unable to curb their excesses. Moreover, they "are immune from prosecution and legally permitted to rule by decree, and command their home turfs like personal fiefdoms." The federal government has repeatedly attempted to increase the power of local elected officials to provide a democratic balance to subekt executives. Federal law now mandates the establishment of popularly elected local governments. But in some cases (for example, Adygeya), mayors have been bought off by being given control of republic ministries or other goodies. In other cases, subekt heads have had their budgets frozen (for example, Ulyanovsk) or have simply been removed from power (for example, Primorsky krai). A 1995 law technically prevents subekt executives from simply appointing local officials, but this has not prevented some from trying (e.g., Bashkortostan and Dagestan). A 1997 law sought to empower local leaders, but had little real effect. On 6 October 1999, Yeltsin signed a federal law on the principles of organizing the agencies of local government in the subekty, but the law offered no meaningful change; it simply codified existing practices, which left local government powerless against subekt governments. Putin has shown some interest in using local governments to control the subekt, but by 2001 other means were being developed.

In the meantime, subekt executives remain free to violate the democratic structures of the federal constitution with little fear of federal response, and some do so with impunity. In Primorsky krai, Governor Nazdratenko illegally removed Vladivostok mayor Viktor Cherepkov and nullified the election results for the Vladivostok Duma. He later tried to oust Krai Duma Chairman Serge Dudnik,
who was also a critic of Nazdratenko’s administration. In Sverdlovsk, Governor Edvard Rosell began issuing “trade checks” and “alternative currency” in 1997. In St. Petersburg, Governor Yakovlev ignored the subekt legislature and assumed the power to rule by decree. Kalmyk governor Kirsan Ilyumzhinov spends millions of dollars of government money on pet projects, most extravagantly on an international chess tournament. A Kalmykian journalist who criticized Ilyumzhinov and was investigating corruption in the republic was murdered. Despite considerable suspicion that Ilyumzhinov was involved, little has been done.

Subekt executives also regularly manipulate or even subvert the electoral process. An increasingly common practice is for executives to change the date of elections to manipulate their outcomes. In 1999, Omsk, Novgorod, Tomsk, and Belgorod moved their elections to help incumbent executives gain reelection. (The courts rejected an attempt by St. Petersburg to follow suit, because the oblast had changed its legislative quorum rule allow it to pass the change.) In 2000, Khanty-Mansii autonomous okrug, the Kirov oblast, Saratov, Yamalo-Nenets, and the Jewish autonomous okrug all moved their elections to coincide with the presidential elections. Such a move was considered in Volgograd, but was rejected because it was unlikely to help the governor.

Regional executives have also circumvented local and federally mandated term limits. (Although federal law restricts subekt executives to two five-year terms, it will not fully be in effect until October 2001. Thus in 1998, President Shaimiev of Tatarstan brazenly altered Tatarstan’s constitution to allow himself a third term. Others simply chose not to count their first term if they were selected to that term by the president or were elected prior to the relevant law coming into effect.

Another often subverted requirement is one that calls for two candidates in every democratic election. To fulfill this requirement, a number of subekt executives have encouraged the candidacy of nominal opponents who may personally support the incumbent. In this manner, Stroev, Ilyumzhinov, and Shaimiev have won reelection by defeating nominal opponents.

Other executives have persuaded the local electoral commission to disqualify serious rivals while promoting a nominal one. In Bashkortostan, Rakhimov was reelected after refusing to put two opposition candidates on the ballot even though both had been declared legitimate by the Russian Supreme Court.

However, by far the most common way that subekt executives (as well as federal officials) subvert democratic elections is by manipulation of the media. Among the campaign violations allegedly committed by Orenburg governor Vladimir Yelagin was editing the ads of his opponents. Primorsky krai governor Nazdratenko went further by preventing his opponents from placing their ads in the mass media. Reportedly he even had the phone company disconnect his opponents’ telephone hotline. A more legalist approach was used in Tatarstan by Shaimiev, who simply declared it illegal for local newspapers to insult him. Not surprisingly, not one of Russia’s subekty scored a favorable ranking in a 2000 study of mass media freedom conducted by the Union of Russian Journalists. Thus, when Russian President Yeltsin, and later Putin, used the press to smear their opponents, few subekt leaders were in a position to complain.
The collective impact of the various breaches is inconsistent implementation of democracy. Some elections, such as in Bashkortostan and Primorsky krai, have been so corrupt that they are completely undemocratic. There was even evidence of significant fraud in the 2000 presidential elections. Nonetheless, while the practice of democracy in the subekty is significantly flawed, it is far more democratic than ever before.

**Economic Conditions**

There are no economic conditions that are common to all past and present federal systems. Economic factors have been critical to the survival of some federal systems and to the destruction of others. In Nigeria most of the oil wealth is concentrated among the people of the south, while the largest population group, the Hausa-Fulani, live in the north. This incongruity between the concentrations of wealth and populations has generated numerous problems in Nigerian politics and was a major distal cause of the Biafran Civil War. (This relates to the previous discussion of asymmetric federalism.) Conversely, many Canadians believe that a split with Quebec would leave both English-speaking and French-speaking Canada vulnerable to economic domination by the United States. Similarly, the anticipated economic benefits to be derived from a common market have generated an evolution toward federalism in the European Union. In both of these cases, the perceived economic benefits of federalism help to hold systems together.

The perceived economic benefits of federalism are best if they occur at two levels. First, the component governments should perceive economic benefit to the interaction among themselves. Second, the component governments should perceive the federal government as useful and necessary, and the federal government should perceive the components as useful economic partners. That is to say that whatever economic expectations each level of government has of the other need to be fulfilled.

At first glance, one might assume that the Soviet legacy would overwhelmingly favor continued federation among the remaining components of Russia. The Soviet Union built one of the world's most autarkic economies. Its economic dependence on foreign trade was minimal. Because of the Soviet predilection for huge industrial factories, Soviet production of any given manufactured good was often concentrated in a single gargantuan factory. As a result, the economies of what became Russia's subekty were highly integrated and were extremely dependent on trade with one another.

When the Soviet Union collapsed, imports were opened up and Russian consumers were given a choice between low-quality Russian goods and inexpensive, higher-quality imports; Russians overwhelmingly chose the latter. Therefore, Russia's industrial production rapidly collapsed. In turn, inter-subekt trade declined precipitously. For example, Kaliningrad's foreign trade increased fivefold between 1995 and 1997 as foreign goods were substituted for goods produced elsewhere in Russia. As a result, nearly all subekt became more economically isolated and less integrated. Ironically, the economic crisis of 1998 partially reversed this trend. When the value of the ruble collapsed, Russian consumers and governments found themselves suddenly unable to afford numerous imported goods, and demand for domestically produced goods began to rise.
Lack of cooperation between the federal government and the component governments can also be a barrier to federalism. In Russia, the federal government depends on the subekt governments to collect many of the taxes that provide its income. At the same time, the subekt depend on the federal government and its greater concentration of fiscal resources to build and maintain their transportation infrastructure, to spur development, and to create the economic conditions that will attract new investment. If either side fails to meet its financial obligations, economic conditions could quickly become a detriment to Russian federalism.

The most frequent public complaint is that the federal government fails to transfer money that was promised. There is some truth, as well as some obfuscation here. On one hand, the amount of money transferred to the regions as a percentage of the federal budget has gradually shrunk. In 1998, one analyst reported that financial support for the subekt had decreased every year since 1994. The budgets for 1999, 2000, and 2001 did not reverse this trend. On the other hand, the annual budget remains split nearly 50–50 between the federal government and the subekt. Many subekt find that the federal government is tardy in sending money. In a number of instances, the federal government provides less than was promised. For example, the northern subekt depend on the federal government to provide credit and aid to survive the harsh Siberian winter. In Sakha most goods must be imported during the summer before the Lena freezes, making most major transportation routes impassible. Despite numerous promises from Yeltsin and other federal officials, Sakha never received all of the necessary funds. Even the Children of the North Fund was consistently underfunded. The northern subekt are not alone in this complaint. Komi, St. Petersburg, and Tatarstan, among many, have claimed that the federal government is woefully behind in the provision of promised funds. The problem led Governor Aman Tuleyev to say “I want to state that the central authorities do not fulfill their obligations to the regions, which makes the whole state structure rather unstable.”

Although there are years, such as 1998, when the federal government simply could not meet all of its obligations to the subekt, it appears the underfunding often is intentional. The federal government uses budget transfers as a tool to manipulate regions; loyal regions get more money. At times, the federal government has used budget shortfalls to force subekt to improve tax collection, to privatize state owned enterprises, to reduce subsidies to unprofitable enterprises, to cut their expenses, or to comply with federal law. In this sense, the underfunding of particular subekt is not a failure of the federal government but an attempt to force subekt compliance with federal policies and laws.
From a subekt perspective, an equally important problem is the inability of the federal government to provide a stable and workable tax system. Subekt complaints are myriad. In addition to delays and occasional omissions of tax transfers, the subekt complain that the federal government receives the lion’s share of the taxes. In addition, the federal government regularly approves unfunded mandates, which are left to the regions to enforce. Finally, continual revisions of the tax system, combined with the irregular nature of the taxes left to the subekt, make economic planning nearly impossible at the subekt level. That trend led Ingushetiya president Aushev to conclude that the tax system was “designed to keep the subekt on a short leash.” His argument is that if Ingushetiya, and most other subekt, were allowed to keep most of the taxes they collected they could survive without federal subsidies. While this may be true for many subekt, it is not true for all of them, arguably even for Ingushetiya. Moreover, if Aushev was granted his wish, the subekt would have little need for a federal government. It is also worth noting that much of the revision of the tax system has been designed to standardize the system. In the process, the federal government has consistently sought to strip away some of the more extreme and unique taxing powers that individual subekt had won during earlier bilateral negotiations with the center. This may ultimately benefit the federation as a whole.

Federal officials have also made numerous allegations that the subekt have not upheld their economic obligations. Many subekt, for example, reacted to the 1998 Russian economic crisis by unilaterally seizing more power. Some of the more common reactions included declaring a state of emergency locally, intensifying control of local media, increasing subekt ownership of regional property, introducing import or export controls of goods in short supply, creating local gold or natural resource reserves, and withholding federal taxes. All of the steps were clearly in violation of federal law or practices. Federal reaction varied from open criticism to threats of criminal prosecution. Surprisingly, however, the economic collapse did not lead to further disintegration of the Russian Federation. Although at least thirty-seven subekt threatened tax revolts, none were fully carried out. Apparently, the often repeated but little believed adage that the subekt wanted autonomy but not complete independence was at least partially true. Subekt leaders were seizing power not only because they wanted more autonomy, but because they believed the steps were necessary for economic survival. As the Moscow Times reported, the lack of an effective federal response led the subekt to react “more dramatically and more effectively.”

Not all of the alleged economic failings of the subekt governments can be discussed here, but three have been continuing concerns for the federal government. First, although the often-threatened tax revolts have never materialized, the subekt governments consistently collect less in tax revenue than the federal government expects. Part of the problem is that the federal government has charged the subekt with collecting the most difficult taxes to collect. Moreover, many enterprises cannot afford to pay taxes, and the subekt are left with the choice of demanding full payment and forcing enterprises out of business, or accepting partial payment or payment in kind. If subekt executives choose the latter, which most are inclined
to do, they will be short on tax revenues for Moscow. On the other hand, it is safe to assume that many subekty do not always transfer to Moscow all of the funds due to the federal government. Because Moscow is often behind in transferring subsidies to the subekty, it is not shocking that the subekty demonstrate similar behavior when it comes to transferring tax revenues. It is also logical to assume that subekt leaders will be more reluctant to force the closure of regional enterprises because the resulting unemployment will affect them far more directly than Moscow. Even so, 1999 and 2000 witnessed a significant increase in tax revenues collected, compared with 1998.

A second federal concern is that the subekty misuse federal funds. Allegations range from outright corruption to inability to pay wages on time. In December 1998, the Federal Finance Ministry compiled a list of subekty that it accused of misusing funds. In 1999, the Finance Ministry reported progress in that the subekt shortfall in meeting their payrolls had dropped by 11.6 billion rubles ($516 million), but only six of eighty-nine subekty had fully met their payrolls. In addition, many subekty have run up significant debts to both domestic and foreign creditors. By 1999, it was predicted that as many one-half of all subekty would default on debts owed to foreign creditors.

In July 1997, Kudrin claimed that while the federal government owed some 7.7 trillion rubles in back wages to government employees, the subekt governments collectively owed 25.6 trillion rubles. Kudrin said that the federal government would contribute 2.2 trillion rubles to help the subekty pay their arrearages, but the subekty would have to pay the rest. His solution for the subekty was a familiar refrain, privatization. The government believed that such sales would simultaneously raise revenues for governments at multiple levels and move forward its objective of privatizing the economy.

In February 1996, Yeltsin issued a presidential decree (no. 292) legalizing the transfer of federal equity stakes in private companies as a way for the federal government to repay its debts to the subekty. In September 1996, the federal government said that the subekt governments could keep up to 90 percent of the revenues from such sales. Kudrin suggested that the sales could raise up to 5 trillion rubles. During a spring 1997 trip to Sakha, Chubais criticized the subekty in general, but Sakha in particular, for demanding ever more subsidies without even trying to raise capital through privatization. Shortly thereafter, Sakha’s government announced its intent to sell 49 percent of its stock in Sakhazoloto (Sakha Gold).

The federal government has shown similar angst over the subekty’s failure to make their payments to the center, particularly to the federal pension fund. By March 1997, the subekt’s debt to the federal budget was in excess of 35 trillion rubles. According to one government spokesman, delays in payments from the subekty were leading to delays in pension payments nationwide. Allegedly, some subekty, including Sakha, had unilaterally reduced their payments by as much as 40 to 50 percent. Sakha was also singled out for scorn for its failure to transfer tax dollars to the federal budget. According to Deputy Finance Minister Vladimir Petrov, by May 1997 Sakha, Tatarstan, and Bashkortostan—all of which had signed special bilateral treaties with the federal government to keep a greater por-
tion of their taxes at home—owed the federal budget a combined 1 trillion rubles in back taxes in the first quarter of 1997. Analysts speculated that the divisions within the federal government that Sakha had once exploited no longer existed. Thus, Sakha would now have to meet its debts. The message apparently struck home in Sakha and elsewhere. By the end of June, the chairman of the federal pension plan reported that 90 percent of the subekty had paid their debts to pensioners. Similarly, to force a Tatar oil company to pay its taxes, Moscow cut its export quota by one-third.

The final complaint is that the subekty have held hostage the privatization and marketization of Russia. There is little doubt that subekt governments have resisted Moscow’s efforts to privatize various industries, particularly locally concentrated industries on which subekt economies are heavily dependent. In many subekty the local enterprises are not only economically vital, they have political power commensurate with that of the subekt governments. In many cases, the subekt governments believe that privatizing the industries, or closing them down, would both undermine the local economy and erode the government’s control of local economic development. The subekt governments are often correct in their claim that privatization has led to the ruthless exploitation of Russian resources.

The question then is: Are the federal government and the subekt governments becoming more or less mutually dependent? In the wake of the August 1998 economic collapse there was considerable concern that the subekty would assume even more economic autonomy, in essence severing their economic ties to Moscow. The subekt enacted a variety of emergency measures, many of which clearly violated federal law. However, they did not rush to sever their ties to Moscow. To the contrary, for many Russians the lesson of the Soviet collapse was the danger of a weak and ineffective central government. (In a sense, the sudden groundswell of support for Vladimir Putin was another indication of this concern.) The result of the crisis was not the predicted disintegration of Russia but a growing recognition of mutual interdependence. Although subekt dependence on Moscow is often exaggerated by Western observers, “about two-thirds of regional budgets comes from taxation shared between Moscow and the regions, and one-third comes from purely regional taxes.” According to one recent estimate, fully one-third of the subekt could not survive without direct financial assistance from Moscow.

Moreover, nearly all of the subekt still rely on the federal government to solve major social and economic problems. The one exception was Chechnya’s President Dudayev who voluntarily severed Chechnya’s economic links to the center. He believed that Chechnya’s oil resources and its location along the natural trans-

“Although economic factors are unlikely to guarantee the success of Russian federalism, neither are they currently a major barrier.”
portation route for the rich Caspian oil fields would turn Chechnya into "the Kuwait of the Caucasus." He was wrong. Without Russian investment, Chechnya's oil production dwindled. And without Russian cooperation, it could not transport its own oil, let alone oil from the Caspian. The economy collapsed and corruption proliferated. The economic repercussions of Chechnya's bid for independence and the subsequent Russian invasions likely made other subekt leaders hesitant to push their autonomy too far. Thus, rather than seeking independence, the goal of nearly all subekt leaders is to maximize their economic autonomy and the benefits they receive from the center.

Russia's economic factors have not been critical to its success as a federation. In the aftermath of the Soviet collapse, the drive for foreign imports and loans seemed to be a significant factor, although not a determining one, in Russia's further disintegration. Since the collapse, however, Russia's subekty have become acutely more aware of the economic benefits of cooperation with one another and of the importance of a viable federal government. Although economic factors are unlikely to guarantee the success of Russian federalism, neither are they currently a major barrier.

Conclusions

It is clear that Russia does not fully possess all of the necessary conditions for the success of federalism. However, there have been numerous, notable advances since 1993.

- Before 1993, Russian center-periphery relations were far from consensual. Instead, individual subekt unilaterally claimed varied powers from the center. After 1993, negotiated bilateral agreements became the standard means for specifying center-periphery relations. More recently the focus has been on standardizing relations. Unilateral changes in power appear to be increasingly difficult.
- Despite the many criticisms of the 1993 constitution, it has provided the first meaningful and legally binding demarcation of powers in Russian center-periphery relations. More importantly, the existing division of powers cannot be unilaterally altered by either the federal government or the subekt.
- Although its decisions are not always honored or implemented by the Russian executive, the Constitutional Court has played an increasingly significant role in adjudicating center-periphery conflicts and has far more legitimacy than any other Russian institution that previously filled this role.
- Although numerous disputes remain over the directness of subekt representation, particularly in the Duma, the Federation Council has given the subekt a meaningful and regular role in federal politics.
- Soviet political culture was largely inimical to federalism. Although Russian political culture is not especially supportive of federalism, there are positive signs.

The assessment of the beneficial conditions is more pessimistic, yet the same trend is apparent: Russia has made considerable progress in creating conditions beneficial to federalism.
• The political asymmetry remains considerable and may be continuing to grow. Some subekty are wealthier and more powerful than others; however, there is no subekt, or group of subekty that can dominate Russian politics. Moreover, the federal government has reduced the constitutional asymmetry (the inequity in the powers given to various subekty) since 1993.

• Although Russian political parties remain undeveloped, there is an increasing potential for center-periphery bargaining within party structures. Because Russian politics remain highly personalistic, center-periphery relations have frequently hinged on personal relations.

• The Russian bureaucracy has undergone a fairly dramatic decentralization, which should benefit federalism.

• Although the practice of democracy is flawed, Russia is far more democratic than at any time in the recent past.

• Economic factors initially worked against the Russian federation. But since the 1998 economic crisis the trend may be reversing.

Whatever conclusions we draw about the success of federalism in Russia must be tentative because Russia remains in a state of considerable flux. The most obvious conclusion is that the Russian Federation, as the name implies, is a functioning federal system. The most basic definition of a federal system is “self-rule plus shared rule.” Thus, Russia today possesses at least two levels of government, each of which has meaningful autonomy on certain issues. That is an important and remarkable change from a decade ago. At the same time, as specified in the constitution, there are many issues over which Russia’s component governments and federal government share power. The shared governance inherent in federalism has given Russia highly conflictual center-periphery relations. That is neither surprising nor decisive. Federalism is a system designed not to eliminate center-periphery conflict, but to channel it. With the notable exception of Chechnya, federalism has helped to channel Russian center-periphery relations into the spheres of political struggle and negotiation.

Will Russia be a successful federal system? Although answering this question is presently beyond the means of academics, my preliminary survey provides some evidence that Russia has created or acquired many of the attributes that could make it a successful federal system. Those attributes remain extremely underdeveloped compared to other federal systems. Whether Russia’s progress will be sufficient is yet to be determined.

NOTES

4. Ibid., 5.
5. Michael Burgess, “Federalism and Federation: A Reappraisal,” in Michael


11. No agreements were signed between June 1998 and 2000, but Stavropol is now seeking an agreement.


22. Rulings of the Constitutional Court seem to confirm that officials at a higher level of government cannot remove those at a lower level or intervene in their governance. However, Yeltsin did use his power as protector of the constitution to dismiss President Vladimir Khubiev in Karavachaevo-Cherkessia. EWI, *Russian Regional Report*, 4(20), 8 October 1998.


32. Kempton and Clark, *Unity or Separation*.
35. OMRI, *Daily Digest*, 24 October 1996.
42. Segodnya, 30 October 1996.
53. Daniel R. Kempton, “Three Challenges to Assessing Russian Federalism,” in *Unity or Separation*.
64. Preston King, “Federation and Representation,” in *Comparative Federalism and Federation*, 95.
68. Yeltsin reportedly timed the decree so that his appointees would still be in charge during the summer 1996 elections. OMRI, *Daily Digest*, 28 August 1996.
69. Ironically the Duma later challenged the procedure in the Constitutional Court on the grounds that the process violated the constitutional principle of the separation of powers. OMRI, *Daily Digest*, 13 February 1997.
72. OMRI, *Russian Regional Report*, 4 September 1996, and IEWS, *Russian Region-
73. Maria Balynina, *RIA Novosti* (10 April 1997).
75. James Alexander, “Komi and the Center Developing Federalism in an Era of Socio-Economic Crisis,” in *Unity or Separation*.
76. Ingmar Oldberg, “The Kaliningrad Oblast: A Troublesome Exclave,” in *Unity or Separation*.
77. NTV, 18 October 1998.
85. Smyrnygin, “Typologies of Regional Conflict in Modern Russia,” 8.
87. Kempton and Clark, *Unity or Separation*.
88. Elazar, Exploring Federalism, 244.
91. OMRI, *Daily Digest*, 24 October 1996.
95. RIA, Novosti, 8 June 1997.
103. Smyrnygin, “Typologies of Regional Conflict in Modern Russia,” 12.
104. Ibid., 7.
109. Khoperskaya, “Typologies of Regional Conflict in Modern Russia,” in Conflict and Consensus in Ethno-Political and Center-Periphery Relations in Russia, 49.
117. See for example EWI, Russian Regional Report, 27 May 1999; and Itar-TASS, 17 August 1999.
120. EWI, Russian Regional Report, 2 February 2000.
125. In the 1995 Duma elections there were forty-three blocs and associations registered, compared to only five blocs and twenty-three associations in the 1999 Duma elections, Reuters, 1 November 1999.
129. When President Nazdratenko removed Mayor Cherepkov of Vladivostok, the Kremlin actually restored him to power.
133. St Petersburg Times, 3 November 1998; and EWI, Russian Regional Report, 1 April 1999.
137. EWI, Russian Regional Report, 8 December 1999.
140. Oldberg, "The Kaliningrad Oblast."
141. RIA, Novosti, Ekonomika i zhizn 18 (1997).
143. Alexander Lavrov, in Conflict and Consensus in Ethno-Political and Center-Periphery Relations in Russia, 36–38.
144. RFERL, Newsline, 16 September 1999.
149. Nicholson, Towards a Russia of the Regions, 34.
151. EWI, Russia Regional Report, 1 October 1998.
152. Smyrnygin, “Typologies of Regional Conflict in Modern Russia,” 8.


158. OMRI, Daily Digest, (14 November 1996).


160. IEWS, Russian Regional Report, 6 March 1997; and IEWS, Russian Regional Report, 13 March 1997.


162. IEWS, Russian Regional Report, 22 May 1997.


168. This point is made by Hanson in EWI, Russian Regional Report, 5 August 1999.


171. Elazar, Exploring Federalism, 12 (italics in the original).