

# Regional Variations in the Implementation of Russia's Federal District Reform

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**W**hen the Russian Soviet Federated Socialist Republic declared independence in 1990,<sup>1</sup> Yeltsin quickly moved to undermine the central authority that had characterized power relations in the Soviet system in suggesting to regional leaders, "Take as much sovereignty as you can swallow." As the Russian Federation evolved from its Soviet heritage, Yeltsin established highly personal relations with local officials to solidify his power base. Between 1994 and 1998, Russia entered into forty-two separate power-sharing treaties with forty-six subjects of the federation. These agreements created a disordered spectrum of center-region arrangements ranging from fiefdoms, when regional elites commanded assets that gave them a large measure of freedom from Moscow, to depressed areas that were heavily dependent on the center for both funding and stability. The divergence among regions was striking. By 1998, the per capita budget of the ten richest regions was seventeen times higher than in the ten poorest regions, and the distance was increasing. By 2001, the ratio was nearly twenty-one to one.<sup>2</sup>

During the early 1990s, many leaders established dominating control over their regions, formulating their own economic policies and sometimes entering into agreements for international trade—moves that were countered in Moscow, but with little success. Regional elites also used the offices of federal structures in their regions to promote their own agendas. Regions that were rich in assets were able to mount turf battles with Moscow, and the struggle for ascendancy between regions and the center ebbed and flowed through most of the 1990s, with the regions sometimes gaining more autonomy and Moscow occasionally making headway in its attempts to stem the devolution of power.<sup>3</sup> Relations between Moscow and the regions were unsettled and often unpredictable, and a number of analysts expressed concern that the failure to establish clear lines of authority

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throughout the country was not only economically counterproductive but also politically destabilizing.

It was in this context of uncertainty in center-region relations that President Vladimir Putin signed a decree on 13 May 2000 creating a new structure for coordination from Moscow. This action was as sweeping in its economic and political implications as it was unexpected. The eighty-nine subjects of the federation would be combined into seven federal districts (federal okrugs), each headed by a presidential representative (envoy). Aware that oblast governors and republic presidents stood in the way of a uniform legal space throughout Russia and a smoothly functioning vertical power structure, and also realizing that the main obstacles to reform varied from one region to another, Putin specified only in general terms the work that would be expected of presidential representatives. It was an approach that gave each envoy enough flexibility to confront local situations with distinctive strategies. The envoys would be the “eyes and ears” of the president in Russia’s regions and would regain control over federal agencies that governors and republican presidents had come to dominate. A number of other tasks for the presidential envoys were envisioned,<sup>4</sup> but at the start most analysts were unsure what the actual priorities of the envoys would be.

The federal district reform is tied to Putin’s emphasis on the “dictatorship of law” and is aimed at establishing clear lines of vertical authority throughout the country. Putin articulated the “dictatorship of law” focus in January 2000, while he was still acting president of Russia. He has since elaborated on this theme by contrasting the “dictatorship of law,” which promotes democracy and entrepreneurship, with the “dictatorship of the shadow economy,” which is associated with administrative excesses and economic inefficiency.<sup>5</sup>

There have been varied interpretations of the reform’s overall significance, with some seeing it as a landmark development for Russia and others viewing it largely as window-dressing. Many analysts have concluded that its thrust is more political than economic, and those who think otherwise often express doubt that the new structure will help achieve economic improvement. Ongoing debate centers on the question of what the reform will mean for federalism in the country. It is widely believed that Putin actually had no clear plan but needed to do something, while some suggest that the new arrangement is aimed at enhancing the power of the Kremlin above all else.

In the research for this paper, we explored these issues in four regions where we began working in the 1990s: the Sverdlovsk, Voronezh, and Smolensk oblasts and the Republic of Tatarstan.<sup>6</sup> These regions are quite different from one another on key dimensions, and because it is already clear that each envoy is developing his own strategy in the district he supervises, it is significant for this study that our four regions are located in three different federal districts.<sup>7</sup> Sverdlovsk and Tatarstan are “donor” regions,<sup>8</sup> while Voronezh and Smolensk, being notably less well off, are “recipient” regions. Both Sverdlovsk and Tatarstan made striking moves toward greater autonomy relative to the center in the 1990s. Although Voronezh and Smolensk are in the same federal okrug, the political dynamics in the two oblasts reflect divergent pressures—a point to which we will return below.

### **Challenging the Regional Establishment in Sverdlovsk**

The Urals federal district includes the Sverdlovsk oblast and five other subjects of the federation—all but one of which are donor regions.<sup>9</sup> Petr Latyshev, the presidential envoy, had been a deputy minister of Internal Affairs for six years when he was appointed to his present position. He achieved prominence as the lead investigator into corruption among officials in St. Petersburg—an achievement that was seen as preparing him for his work in the Urals.

Conflict between presidential envoy Latyshev and Sverdlovsk oblast governor Eduard Rossel was pronounced from the start. Rossel had opposed the creation of federal okrugs, arguing that regional policies should be set by local decision makers. If there were to be presidential representatives, he wanted them to be appointed in consultation with governors. Rossel's view was that the role of envoys should be to help governors rather than establishing their own distinct lines of power.

Rossel had high ambitions from the time he entered politics in 1990, and he quickly moved up from being a deputy in the Sverdlovsk Oblast Soviet of People's Deputies to head of administration in the Sverdlovsk oblast. His attempt to create a Urals Republic in 1993 brought him into sharp conflict with the federal center. The Urals Republic was declared illegal, and Yeltsin dismissed Rossel from his official posts. Rossel quickly bounced back, being elected the next month to represent the Sverdlovsk oblast in the Council of the Federation. Four months later, he won a seat in the new Sverdlovsk Oblast Duma, where he became chair. He was elected governor in 1995 and again in 1999. By 1995 Rossel's relations with Yeltsin had improved, and during the next five years he ran the oblast with little interference from Moscow. In January 1996, Sverdlovsk entered into a power-sharing treaty with the Russian government—the first such treaty signed with an oblast, as distinct from an ethnic republic. It was argued that the treaty was intended to bring Sverdlovsk to the level of republics in relation to the center. The treaty, together with more than a dozen special agreements that had been signed, gave Sverdlovsk much greater political and economic autonomy than it had previously known. Prime Minister Viktor Chernomyrdin, who had long opposed Rossel's moves toward regional autonomy, acknowledged at the time of the treaty signing, "We have agreed on the main thing. It is no longer possible to give orders from Moscow."<sup>10</sup>

Rossel used the new treaty with Moscow to concentrate power in his own hands and to put his own people in key positions in the oblast—in both the economic sphere and power structures. He also gained influence and a measure of control over most mass media outlets in the region. Rossel's activity was not limited to Sverdlovsk. He spearheaded the creation of an interregional association to promote economic cooperation throughout the Urals (Great Urals), thus broadly strengthening his influence on both the regional and federal levels. Rossel saw in such associations "a prototype for the future enlarged administrative-territorial units of the Russian state."<sup>11</sup> In 1999, Rossel suggested that a new managerial system for the country be developed that would be based on the eight existing economic associations in Russia—each of which would be administered by a governor-general.<sup>12</sup>

There has been widespread agreement among policymakers and analysts that the current eighty-nine political divisions of the federation are too many for effective governance. But Putin's plan for federal okrugs was designed to weaken the power of regional leaders—not to enhance it. Thus, rather than creating mega-regions that reflected existing linkages, Putin established seven districts headed by Kremlin appointees, and he deliberately divided regional economic associations among different okrugs. Great Urals, for example, was split between the Urals and the Volga federal districts.

Rossel's distaste for Putin's reform was not only that Moscow was again attempting to give orders to the regions but also that it undercut his position in the

ranks of Russia's national elites. Further, Rossel was unhappy with Putin's choice of Latyshev as the presidential envoy for the Urals okrug. The fact that Latyshev had a national reputation as a specialist in fighting corruption carried clear meaning—a point that Latyshev himself has highlighted. In one of his first public appearances as presidential

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envoy, Latyshev described the Sverdlovsk oblast as “being ruled by criminality,” thus emphasizing that one of his most urgent tasks was the fight against corruption.<sup>13</sup> This statement was widely taken to be a direct challenge to Rossel's power and the beginning of a struggle for control of key offices and resources in the oblast. Latyshev lost no time in replacing heads of power structures who had been put in their positions by Rossel.

An additional front against Rossel has been Latyshev's campaign to orient the governors of other regions in the Urals toward him rather than Rossel. He has shown governors that he could help them and their regions in his role as presidential envoy, and it is widely believed that he has largely succeeded in the effort to reduce Rossel's influence. Further, Latyshev has found support among regional political groups, including Unity and Mai, and also from the mayor of Ekaterinburg. Latyshev has also worked to win regional elites to his side, and away from Rossel, by inviting business people to “solve their problems through him.” Latyshev would appear to have little opportunity to act in this arena, because presidential envoys lack the most obvious economic levers—control over budgets and property in the regions. Although governors continue to dominate in these areas, envoys are taking advantage of their potential for recasting power relationships through their influence over law enforcement structures—for example, the federal district procuracy, tax police, tax inspectors, and FSB networks. As prominent industrialist Kakha Bendukidze put it in a meeting with other business leaders in the okrug, “Finally, a power has appeared in Russia with whom we aren't required to ‘strike a deal.’”<sup>14</sup>

In Sverdlovsk, as in other regions throughout Russia, the presidential envoy

had the task in his first year of working to bring regional legislation into conformity with federal laws. This objective had been largely realized by late 2001. Rossel has resisted this process, arguing that in key cases regional laws are better than their federal-level counterparts.<sup>15</sup> With the threat looming that the oblast дума might be dissolved, however, Rossel signed a decree on 12 October 2001, making required changes in Sverdlovsk's regulations. The power-sharing treaty between Sverdlovsk and the Russian Federation remains an issue, however.

### **Strong Resistance in Tatarstan**

Tatarstan's attempt to loosen Moscow's grip in the economic and political spheres began earlier than Sverdlovsk's. On 30 August 1990, the Supreme Soviet of the Tatar Autonomous Soviet Socialist Republic announced a declaration of state sovereignty—an action that would give Tatarstan a treaty-based relationship with Russia (as well as with the USSR and other states). This development came right after the RSFSR declared independence and was justified by the right for self-determination of people within a territory—the same argument that was articulated in the RSFSR sovereignty declaration.<sup>16</sup>

Tatarstan was one of two republics, along with Chechnya, that refused to sign the Treaty of the Federation in March 1992, which specified power-sharing principles for center-region relations in Russia. During that time, Tatarstan's status in the Russian Republic was unclear (“ambiguous,” in the words of Grigory Yavlinsky and his EPICenter colleagues<sup>17</sup>). Ten days before the Treaty of the Federation was signed, Tatarstan held a referendum in which 61 percent voted in favor of sovereignty.<sup>18</sup> Tatarstan did not send representatives to either chamber of the new Russian parliament or turn over tax revenues for the federal budget. Looking back on that time, Sergei Shakhrai, who was heavily involved in negotiations between Moscow and Tatarstan during the crisis, writes, “In the early 1990s, the situation in Tatarstan was no less explosive than in Chechnya: a powerful separatist movement, mass meetings, and at the head of all of it, charismatic leaders.”<sup>19</sup> After extensive deliberation, in February 1994 a bilateral power-sharing treaty was signed by Tatarstan and the Russian government that gave Tatarstan favorable status within the federation. This treaty was included in the Tatarstan constitution.

Putin's administrative reform has met strong resistance in Tatarstan partially because its emphasis on bringing regional laws into compliance with federal legislation is inconsistent with the widely held view in Tatarstan that relations between the center and individual regions should follow a treaty-based principle. This idea is fundamental to the prevailing perspective that the republic should have a measure of sovereignty. Thus among Tatarstan political elites today, there is widespread opposition to a shift toward the center in the balance of power. As Rafail' Khakimov, the chief political advisor to President Mintimer Shaimiev, put it, “It is fashionable to disagree with the concept [of power sharing], but the positions of Tatarstan and Bashkortostan will not change. They will stay the same. They will remain with their own interests.”<sup>20</sup>

Sergei Kirienko, Russia's prime minister for four months in 1998, is the presidential envoy to the Volga federal district, which includes Tatarstan. Kirienko's

coordination efforts are particularly challenging, because the Volga okrug includes five ethnic republics<sup>21</sup>—all with power-sharing treaties. Such diversity of legal arrangements helps to explain the urgency that is attributed to Kirienko's emphasis on "unified laws for a unified country." Thus, Kirienko took the unusual step in April 2001 of complaining to Russia's Constitutional Court that Tatarstan's constitution had not yet been revised to conform with federal laws. In the court's response, both Tatarstan and Bashkortostan were directed to bring their constitutions into compliance with Russian laws, and assembly chairmen were threatened with criminal penalties of up to two years imprisonment if the required changes were not forthcoming.<sup>22</sup>

In September 2001, a Constitutional Commission was created by the Tatarstan State Council (parliament) with the task of proposing amendments to the republic's constitution. The ongoing struggle over this issue is reflected in a statement by the chairman of the State Council, Farid Mukhametshin, who maintained at the time the Constitutional Commission was created that the amendments to be developed would be for the purpose of correcting Tatarstan's constitution to make it consistent with the terms of the bilateral treaty—not to bring Tatarstan's constitution into full compliance with the Russian constitution. Mukhametshin underscored that the amendments would fully comply with the statement in the Russian constitution that "republics are recognized as states."<sup>23</sup> This perspective seconds the position Shaimiev articulated in an address to the State Council at the session in which the amendments were passed: "A republic is a form of state. This has been fixed in the constitution of the Russian Federation. And if there is a state, it must have a certain sovereignty."<sup>24</sup>

What does the concept of sovereignty mean in this context? Few in Tatarstan equate "sovereignty" with "independence." Khakimov emphasized to us that among Tatars who live in the republic, no more than 21 percent are "eager for independence," and "about 3 percent of [ethnic] Russians in Tatarstan want independence."<sup>25</sup> Khakimov's estimates are largely consistent with the results of survey research by Leokadiia Drobizheva at the Institute of Ethnology and Anthropology in Moscow. Drobizheva and her colleagues have analyzed what people in Tatarstan and other ethnic republics mean by the concept "sovereignty," and they have found that the term is synonymous with the idea of "more self-reliance," the notion that "they [Moscow] will not give us orders," and the belief that "republics should have the exclusive right to use their own natural resources." Drobizheva labels this point of view, which is widespread among both the general public and political elites in Tatarstan, "economic nationalism."<sup>26</sup> Not surprisingly, then, there is strong resistance in Tatarstan to the new federal budget requirements, which are intended to bring more revenue to the federal center from donor regions for redistribution to recipient regions. Marat Galeev, a member of the Presidium of the Tatarstan State Council and chair of the State Council Committee on Economic Development and Reform, described his concern in the following terms when we interviewed him in June 2001:

In the Russian parliament, where most representatives are from recipient regions, a certain vote is to be expected. Those governors who are the loudest in support of the

reform are in the depressed regions. Our vision is that if all the subjects of the federation could spend according to their earnings, then the formula for a strong federation would work. In my mind, instead of developing the idea of federalism, Russia is getting back to a unitarian model. Federalism may become only window dressing.<sup>27</sup>

For now, however, Tatarstan is succeeding in negotiations to recoup a substantial portion of the tax revenue the Russian government takes from the republic. Included in Russia's budget for 2002 was a Fund for Regional Development to support special programs in different areas of the country—such as “Russia's South,” the “Far East and Baikal,” and the “Free Economic Zone in the Kaliningrad Oblast.” Six such programs were funded, including one for “Social and Economic Development of the Republic of Tatarstan until 2006.” The

Tatarstan program was slated to receive 70 percent of the total funding for the six projects, which will return to the republic a large proportion of what it turns over to Moscow.<sup>28</sup> Many elites in Tatarstan worry, however, that this may be a temporary arrangement.

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The main achievement of the federal district reform in Tatarstan until now has been to bring most of the republic's laws into conformity with federal legislation. Control over economic relations and the handles of power more generally remain in Shaimiev's hands, however, and issues between the region and the center that have arisen until now have been decided in Moscow rather than in Nizhny Novgorod. Life in Tatarstan has not been substantially influenced by the new initiative, and it is not clear that the situation will soon change.

### **Compliance and Support in Voronezh**

The Voronezh Oblast is one of eighteen subjects of the federation in the Central federal district, which includes Moscow and another of our other research regions, Smolensk. Economically, the okrug is one of contrasts. Its contribution to the national GDP (about one-third of the national total) is higher than its population share (25 percent), but only three of its eighteen subjects were donor regions in 2001.<sup>29</sup>

Voronezh is a strategically important center of agricultural production, and at the end of the Soviet period it was one of Russia's most prosperous regions.<sup>30</sup> Voronezh piled up a large deficit during the early 1990s, however, as both its agriculture and its nonagricultural industries experienced sharp declines. By 1996 its rank had dropped to sixty-fourth place among the subjects of the federation. In the late 1990s, Voronezh's relative standing among Russia's regions was somewhat higher—improving to fortieth place—largely because of ruble devaluation in 1998 and near-self-sufficiency in food production. It is still a recipient region,

depending on Moscow for money transfers to meet essential needs. Voronezh is one of Russia's "Red belt" regions—so-called because of having frequently given Communists pluralities in elections during the 1990s.

Georgy Poltavchenko, an FSB general who headed the St. Petersburg branch of the Federal Tax Police for seven years, was appointed presidential representative to the Central federal district. The federal inspector for Voronezh is Yuri Khoroshil'tsev, a Voronezh businessman who coordinated Yeltsin's 1996 election campaign in Voronezh and later worked in the Voronezh offices of the Presidential Administration. At the time the federal okrugs were created, the governor was Ivan Shabanov, an old-guard apparatchik who had previously served as the CPSU obkom first secretary and then as chair of the Voronezh Oblast Soviet. Local elites, having become dissatisfied with Shabanov's leadership, nominated an FSB general in Voronezh, Vladimir Kulakov, to oppose Shabanov in the 2000 gubernatorial election. This choice was also supported in Moscow. During the campaign, several criminal investigations were pursued by the local FSB that focused on alleged improprieties of members of the then-current leadership. Kulakov had been little known at the beginning of the contest, but the public accusations against his opponent and substantial funding for Kulakov's campaign quickly brought him into the public eye. He won 60 percent of the vote in the first round of a six-candidate race.

Although there is strong disagreement in a number of regions over how power should be distributed between the center and the regions, in Voronezh power sharing is not an issue. Cooperative relations between the presidential envoy's staff and the newly elected governor help to explain this result. Poltavchenko lobbies for Voronezh interests in Moscow, and his staff works with the oblast administration in pursuing common objectives. Although Voronezh is one of forty-six subjects of the federation that has a bilateral power-sharing treaty with Moscow,<sup>31</sup> Kulakov has made it clear that he is ready to abandon it. Kulakov's position stands in sharp contrast to Rossel's and Shaimiev's desire to preserve their power-sharing treaties. Donor regions stand to benefit from such arrangements, whereas recipient regions such as Voronezh have fewer local assets to protect and more need of transfers from the center.

During the 1990s, Voronezh took extreme measures to protect local interests in the face of national economic decline. Because Voronezh was largely self-sufficient in agriculture, the sale of agricultural products outside the oblast was restricted. The "protectionist umbrellas" that were thus created may have kept local prices down, but they tended to reproduce at the oblast level the pattern of economic control that had been characteristic of the Soviet period. Consequently, Poltavchenko argues, "leadership in economic management . . . sank in a mosaic of local and private interests. As a result of this, the general goals are not being achieved."<sup>32</sup> Voronezh is a success story in bringing oblast practices into conformity with Moscow's priorities and subject to Moscow oversight. In this effort, the governor's compliance and support have been pivotal.

Although until now clear economic levers have not been put directly into the hands of presidential envoys, Poltavchenko is working to make the Central fed-



eral district a hub of economic activity throughout the okrug. He expressed his aim pointedly in a December 2000 speech, emphasizing that, for him, "The meaning of the federal okrugs is to reproduce the enlarged structure for implementing state policy—first of all, in the sphere of the economy."<sup>33</sup> There, he highlighted the concept of "economic *raions*," which, in the Soviet period, had referred to a system of economic and social planning that was centered on regional coordination. Poltavchenko elaborated further on this idea in a March 2001 *Segodnia* interview. When asked if he considered it necessary to increase the power of presidential envoys in the financial sphere, Poltavchenko answered, "From the point of view of management of federal resources, it would be logical. . . . [The envoy's] apparatus works directly in localities, and it is simpler for them to control financial flows. Not just to control, but to decide about the optimal allocation of funds among different regions. . . . And not only to regions but also to programs that reflect interests of several regions or the okrug as a whole."<sup>34</sup>

Moscow is now playing a substantial role in helping to chart a course for Voronezh in the economic sphere. In July 2001, Kulakov presented a proposal for confronting the economic crisis in the oblast that centers on supporting promising business ideas with low-interest loans that would supplement private investment. The blueprint for this strategy was developed by the International Fund for Regional Development—a Moscow think tank—and is being suggested for a number of regions in Russia. In Voronezh, it is expected that jobs will be created through this initiative and that tax revenues will grow because of heightened productivity. Two hundred forty-seven projects have been identified for potential funding. The proposal has been integrated into Voronezh's Program for Economic and Social Development for 2002–2006. It received international exposure at a Berlin investment forum in October 2001, when Poltavchenko invited all of the governors in the Central Federal Okrug to present their ideas for attracting foreign investment.<sup>35</sup>

### **Criminality and Redirection in Smolensk**

Smolensk, also in the Central federal district, illustrates an ongoing effort to curb corruption and organized crime at the regional level with coordination from Moscow. By the late 1990s, conflict among criminal groups in Smolensk over oblast economic resources became so intense that it captured the attention of Moscow media. It was pointed out by a number of analysts that political figures in the region were directly involved in illegal activities, providing a cover for gangsters and benefiting themselves from these alliances. Several journalists who reported on criminal activity in the region faced threats and violent attacks. The owner of a radio station that had aired allegations of criminality among local officials was killed, as were several businessmen.<sup>36</sup> Although investigations were begun, the oblast procuracy often failed to pursue charges of misconduct.

In January 2000, a special commission was created by the Presidential Administration to address criminality in the Smolensk oblast. A report from the commission three months later—kept secret from the general public—highlighted

widespread violation of laws in the oblast and failures among law enforcement and tax collection agencies to do their job. The report led to the initiation of more than 200 criminal investigations and spurred a direct request from Russia's president to the Smolensk oblast governor, Alexander Prokhorov, to confront the issue of improprieties within his administration. In his public response to these allegations, Prokhorov suggested that the reason Smolensk was being viewed negatively in Moscow could be explained by the fact that Smolensk was part of the so-called "Red belt" region.<sup>37</sup>

Poltavchenko saw it differently, and discussing the problem of organized crime in a *Nezavisimaia gazeta* interview, he identified the Smolensk oblast as "a clear,

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negative example of inadequate cooperation between law enforcement agencies in their task of fighting crime. The conflict between the procuracy and the militia was instrumental in bringing about this situation," he added.<sup>38</sup> This assessment was a factor in Poltavchenko's decision to assign the federal inspector for Smolensk, Nikolai Rudak, the job of coordinat-

ing the ongoing criminal inquiries there—which ranged from tax evasion and extortion to contract killings. It became the federal inspector's task to improve the effectiveness of law enforcement agencies by establishing clear lines of authority and responsibility. Several individuals in key positions were replaced. A number of arrests were forthcoming, including that of the oblast deputy governor and the oblast procurator.

As these events unfolded, the sitting governor Alexander Prokhorov was being viewed in many quarters as an impediment to solving the thorny problem of entrenched criminality in Smolensk officialdom. The head of the Smolensk FSB, Viktor Maslov, has played an active role in these investigations. When he let it be known that he planned to oppose Prokhorov's bid to win a second term as governor in 2002, the federal inspector demonstrated his support by joining Maslov in a symbolic visit to the mass grave at Katyn. The event was seen locally as an endorsement from Moscow of Maslov's candidacy. This is another example of a trend in which the Presidential Administration has repeatedly looked to FSB personnel to fill critical positions. As of this writing, it is not certain whether or not Maslov will join Voronezh's Vladimir Kulakov in moving from FSB work to an oblast governorship in the Central federal district. Prokhorov was endorsed at an oblast Communist Party Conference in early March, in spite of obvious dissatisfaction among party members with his work. Party members hold most key positions in the region and are able to deliver votes. Thus, the battle lines were being drawn not only for the gubernatorial contest but also for the presidential election in 2004.<sup>39</sup>

### Conclusion

Our inquiry to this point suggests, in contrast to the views of some analysts, that Putin's administrative reform has had, from the beginning, a clear aim of fundamentally restructuring political and economic relations throughout Russia. For that outcome to be achieved, subjects of the federation would need to relinquish some of the autonomy they gained under Yeltsin. Putin's emphasis on "dictatorship of law" and a uniform legal space is a key vehicle for facilitating that result.

We have found a broad spectrum of strategies for implementing the federal district reform, with its focus on strengthening vertical power, and also varied outcomes. The initial conditions within each region are critical to the trajectory of each effort, as are the personalities and assets of key players. In Sverdlovsk, the presidential envoy, Petr Latyshev, has had measurable success in reorienting power relations among regional elites. The impact of the new federal okrug structure is considerably less pronounced in Tatarstan, where Shaimiev's power has not been significantly challenged. Voronezh and Smolensk illustrate, in somewhat different ways, the greater leverage that presidential envoys command in recipient regions relative to the donor regions of Sverdlovsk and Tatarstan.

Is the reform serving the interest of federalism? In one sense it is not, because the system of coordination that is emerging has features of a more unitarian structure. On the other hand, it can be argued that many regional elites had so effectively established zones of autonomy by the close of the Yeltsin period that federalism could be strengthened by a shift in the balance of power between the center and regions. Asymmetrical relations continue to be prominent, with the more powerful donor regions and ethnic republics maintaining advantage over those with fewer resources at their command for negotiating with Moscow. Thus, the reform goal of checking regional leaders' power has remained elusive, although notable inroads have been made in particular cases.

With the centralization emphasis of which the federal district reform is a part, the focus on reducing inequality that was prominent during the Soviet era is being renewed—this time, with particular attention to economic inequalities from region to region. The inequalities among regions are striking. In 2001, about 60 percent of all tax revenues were being collected in ten regions where 22 percent of the population lived.<sup>40</sup> An increasing proportion of these revenues is being taken by the federal government and redistributed to poorer regions. By 2002, Moscow was claiming 63 percent of all tax revenues and leaving 37 percent to the regions. This money gives the government significant leverage in its relations with the federal subjects. Seventy-one regions were slated to receive support from Moscow in 2002.<sup>41</sup> This approach to addressing economic inequality is highly controversial, with critics arguing that budget transfers are not likely to be effective in bringing about improved productivity in recipient regions.

A number of inconsistencies and implementation issues are evident in the program. The announced intention of promoting the rule of law is compromised by the use of methods that are neither uniform from one federal okrug to another nor specific on key points. Additionally, since the president of Russia is not the formal head of the executive branch, his envoys do not have legal authority over territorial direc-

torates of the federal offices they are charged with coordinating in their okrugs. On the one hand, it remains to be seen how much coordination will be possible under those circumstances, and on the other, only time will tell how much the envoys' sphere of authority may expand over time. Further, although notable success has been realized in bringing regional laws into compliance with federal laws, this development has had little effect on political and economic life. Progress is under way to eliminate the bilateral power-sharing treaties between Moscow and the regions, but whether this will help to clarify center-region relations is uncertain.

In sum, the federal okrug initiative contains promise, hazard, and uncertainty. The approaches in each okrug continue to evolve dynamically, with no sign that a uniform overall pattern is crystallizing. In our view, it is too soon to evaluate the likely success of the reform.

### NOTES

1. Renamed Russian Federation in December 1991.
2. Irina Granik, "Mezhbiudzhetnaia kommunalka," *Kommersant*, 11 May 2001.
3. See Kathryn Stoner-Weiss, *Local Heroes: The Political Economy of Russian Regional Governance* (Princeton: Princeton University Press, 1997), 5–6.
4. The decree specifies four main tasks and thirteen functions of the envoys. Taken together, these statements highlight six principal areas of responsibility. Envoys are to report quarterly to the president on political, social, and economic conditions in the federal okrug and the effectiveness of law enforcement agencies; to participate in eliminating discrepancies between federal and regional laws; to coordinate the activities of federal offices in the okrugs and relations between federal offices and regional and local offices and organizations; to participate in the work of the executive organs of power of subjects of the federation, as well as organs of local self-government; to approve nominees to key positions in federal offices in the okrugs; and to develop programs for economic and social development of the territories within the okrugs.
5. Putin's attention to the "dictatorship of law" is nicely discussed in Robert Sharlet, "Putin and the Politics of Law in Russia," *Post-Soviet Affairs* 17 (2001): 195–234.
6. We have been studying economic reform in three of these regions since 1992, and we added Tatarstan to the project in 1995. During this period, we have directed face-to-face interviews with more than 12,000 people in these four regions and in Moscow—political leaders and government officials, analysts, media workers, enterprise managers and workers, and members of the general population. We have gathered primary and secondary data of several types that bear on political and economic activities in our research regions.
7. Sverdlovsk is in the Urals okrug, Tatarstan in the Volga okrug, and Voronezh and Smolensk in the Central okrug.
8. Officially, "donor" regions are those that do not receive money from the Federal Fund for Financial Assistance of Subjects of the Federation. In 2001, nineteen regions were classified in the "donor" category in 2001.
9. The Kurgan Oblast is a recipient region.
10. Quoted in Vasily Kononenko, "Eduard Rossel Materializes At Last His Idea of Partial Sovereignty of Sverdlovsk Region," *Izvestiya*, 13 January 1996; in *Soviet Press Digest*, 13 January 1996. Available from RUSSICA Information, Inc. (Lexis-Nexis).
11. Eduard Rossel, "Sovershenstvovanie federativnykh otnoshenii—budushchee Rossiiskogo gosudarstva," *Oblastnaia gazeta*, 22 May 2001.
12. Viktor Rudenko, "Sverdlovskaiia oblast'," *Konstitutsionnoe pravo: ostokhnoevropeiskoe obozrenie* 3, 127 (2000).
13. Dmitri Sokolov-Mitrich, "Ural'skii federal'nyi okrug: Petr Latyshev," *Izvestiya*, 24 October 2000.

14. Viktor Belimov, "Zatianuvshaiasia razvedka v tylu vraga," *Nezavisimaia gazeta*, 22 March 2001.

15. Others have also emphasized this point.

16. Voters in a March 1992 referendum in Tatarstan approved the declaration of sovereignty.

17. Grigory Yavlinskiy et al., "Economics and Politics in Russia. Diagnosis (Spring of 1992)," Center for Economic and Political Research (EPIcenter), May 1992. Available 23 February 2002 at [http://www.eng.yabloko.ru/Books/Diagnosis/index\\_diag.html](http://www.eng.yabloko.ru/Books/Diagnosis/index_diag.html).

18. The question was worded as follows: "Do you agree that the Republic of Tatarstan is a sovereign state, the subject of international law, forming its relations with the Russian Federation, other republics and states on the basis of equal agreements?" The actual intent of the referendum is debatable, as illustrated by a 16 March 1992, statement of the Tatarstan Supreme Soviet. In the document, which was aimed at clarifying the meaning of the referendum, it was stated, "Questions of the isolation of Tatarstan from the Russian Federation, changes of its territorial integrity and boundaries are not the subjects of the referendum." See *Belaia kniga Tatarstana: put' k suverenitetu, 1990-1995* (Kazan, 1996), 19.

19. Konstantin Viktorov, "Sergei Shakhrai: kak El'tsin spas Rossiiu" (interview with Sergei Shakhrai), *Gazeta.Ru*, 18 February 2001. Available 22 January 2002 at <http://www.gazeta.ru>.

20. Nauchno-issledovatel'skii institut sotsial'nykh system, stenogramma seminara "Rekonstruktsiia gosudarstva: sovremennye zadachi i organizatsiia effektivnoi ispolnitel'noi vlasti," Moscow, 2 March 2001. Available 23 August 2001 at <http://niiss.ru/nb/News/s2/>.

21. Tatarstan, Bashkortostan, Marii-El, Mordoviia, Ydmurtiia and Chuvashiia.

22. "Constitution Court, Presidential Rep Call For Amending Republic Constitution," *Tatar-Bashkir Weekly Review*, 18 May 2001.

23. Iuliia Larina, "Tsena suvereniteta—300 mlrd," *Novaia gazeta*, 1 October 2001.

24. Yuri Alaev, "Shaimiev prizyvaet videt' politicheskie realii," *StranaRu*, 28 February 2002. Available 1 March 2002 at <http://www.strana.ru>.

25. Personal interview, 31 May 2001.

26. Leokadiia Drobizheva, "Sotsial'naia baza suvereniteta v Tatarstane i Iakutii," paper presented at the conference "Budushchee rossiiskogo federalizma: politicheskii i etnicheskii faktory," Kazan, Tatarstan, 25-26 February 2000. Available 3 December 2001 at <http://federalmcart.ksu.ru/conference/konfer1/drobizheva.htm>. Khakimov underscored this view in noting, "Tatars have never created any strong political parties whose stated goal is independence" (personal interview, 31 May 2001).

27. Personal interview, 1 June 2001.

28. See Liliia Troshina, "Regional'nye aspekty biudzheta 2002 g.," *Rossiiskii regional'nyi biulleten'*, 14 January 2002.

29. City of Moscow and Lipetsk and Yaroslavl oblasts.

30. Voronezh's production includes, in addition to agriculture, heavy machinery, electronics equipment, chemicals, construction materials, processed food, and clothing.

31. As noted earlier, there are forty-two separate treaties involving these forty-six subjects of the federation.

32. Quoted in Igor' Krasnovsky, "Panorama-Smolensk," *Rabochii put'*, 28 December 2000.

33. Igor' Krasnovsky, "Stanet li Tsentral'nyi federal'nyi okrug lokomotivom razvitiia Rossii?" *Rabochii put'*, 28 December 2000.

34. Svetlana Sukhovaia, "My sotsobiazatel'stv ne berem. . . .: Georgy Poltavchenko—za rasshirenie finansovykh polnomochii polpredov," *Segodnia*, 21 March 2001.

35. "Berlin-Moskva—marshrut dlia investitsii," *rcc.ru/novosti*, 12 October 2001. Available 9 December 2001 at <http://rcc.ru/Rus>.

36. See, for example, Vladimir Pozharsky, "Bitva za Smolensk," *Nezavisimaia gazeta*, 13 March 2001; Sergei Topol' and Alexander Igorev, "V Smolenske rasstreliali Vinokura," *Kommersant*, 20 February 2001; Alexander Shvarev, "Gubit liudei ne vodka," *Vremia*, 20 January 2001; Viktoriia Molodtsova, "Smolenskoe ravnovesie: chinovniki slushaiut i molchat, bandity slushaiut i—ubivaiut," *Rossiiskaia gazeta*, 29 July 2000; Viktoriia Molodtsova, "Smolenskii arestant v range vitse-gubernatora," *Rossiiskaia gazeta*, 19 April 2000; Sergei Topol', "Ia ne khochu, chtoby moi deti igrali v banditov," *Kommersant*, 28 July 2000; and Nikolai Rudak, "Budushchee Smolenshchiny zavisit ot nashikh voli i muzhestva," *Rabochii put'*, 12 May 2001, 2.

37. Viktoriia Molodtsova, "Komu pod banditami zhit' khorosho?" *Rossiiskaia gazeta*, 19 April 2000.

38. Sergei Sergievsky, "Georgy Poltavchenko: 'Ia ne razocharovan godom raboty v okruge,'" *Nezavisimaia gazeta*, 12 May 2001. Available 22 October 2001 at <http://province.smolensk.ru>.

39. Vuk Debriansky, "Smolensk. Vladimir Berezov: Gubernator dolzhen opirat'sia na mnenie partinykh organizatsii KPRF," *Regions.ru*, 5 March 2002. Available 10 March 2002 at <http://www.regions.ru>.

40. D. A. Komolov, "Biudzhets 2002 bol'she, chem. biudzhets" (interview with , Aleksei Kudrin), *Ekonomika Rossii: XXI vek*, October 2001 (available 12 December 2001 at <http://www.ruseconomy.ru>); and Viktor Khristenko, "Razvitie biudzhethnogo federalizma v Rossii: ot razdelenia deneg k razdeleniiu polnomochii," *Rossiiskaia gazeta*, February 17, 2001, p. 4.

41. "Regions Continue to Depend on Federal Budget for Key Support," *Russian Regional Report*, 23 January 2002.