

Russian Regions as International Actors

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The international activities of subnational units in the Western countries are deeply rooted in their political cultures and institutional structures. For example, it is common for U.S. states to have their offices abroad or for regions of Canada, Switzerland, Germany, and Belgium to have strong international contacts of their own. It is natural considering that most of the Western states were formed as “associative federations,” that is to say, their federal structures were based on pre-existing autonomous political units. This is not the case with the Russian Federation, which is actually being formed on a dissociative basis, that is, a formerly unitary state is going through a painful process of decentralization and devolution of authorities. This distinction makes nascent patterns of international activity by Russian regions intriguing for scholars and deserving of deeper attention.

Between Regionalism and Globalism: Theoretical Background

The study of regions within the wider international ambit has political, economic, social, and cultural relevance. One can see what is local in the global, and what is global on the local level. It also sheds light on the domestic sources of foreign policy in Russia, as well as the evolution of federalism in this huge democratizing nation. In addition, in this article, I will offer some insights on the structure of Russian international relations.

The contemporary world is characterized by paradoxical trends. Internationalization is in progress as national governments respond to an expanding range of international linkages, economic interdependence, and the demands of policy issues, which can no longer be managed within the framework of individual political systems. At the same time, there is a growing alertness on the part of subnational interests, both governmental and nongovernmental, to those pressures.¹ Underpinning those trends are two developments that both reflect and help to explain them: the expanding agenda of foreign policy and the diminishing distinctions between domestic and foreign policy. Traditional distinctions between “high” and “low” politics appear far removed from reality.

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When subnational units establish links with their foreign counterparts, they represent a true departure from the traditional concept in which the conduct of all international relations was the exclusive domain of the central government. The most important driving forces for economic regionalization come from markets, private trade and investment flows, and the policies of companies. Regionalization is therefore often conceptualized in terms of “complexes,” “networks,” “flows,” or “mosaics.” Yet patterns of regionalization do not necessarily coincide with the borders of states. Migration, markets, and social networks may lead to increased interaction and interconnectedness, tying together parts of existing states and creating new cross-border regions. The core of such “transnational regionalism” might be economic (as in the development of industrial corridors, or networks linking major industrial centers), or it can be built around a high level of human interpenetration.²

At one level, therefore, the international economy is becoming increasingly integrated, even though many individual polities are becoming more and more fragmented. And that relates to another causal factor in foreign policy localization, namely, the frequent inability of modern governments to manage the political systems and satisfy the demands generated within them. State sovereignty is weakening. It cannot maintain its ordering of social life across the endless play of multiple forces of fragmentation and integration.³

Desire by localities to become involved in ever-larger sectors of public policy reflects the fact that national governments often find it impossible to serve community interests from a single center of power. In countries where the national government is ineffective in dealing with the concerns of subnational communities, provincial or local governments have been asserting themselves. At the level of the noncentral governments there is a recognition that the needs of the locality cannot be satisfied without greater involvement in the international system. National governments also may seek to divert some pressures by delegating responsibilities, for example in specific functional areas such as promoting local exports.

Several general causes of international activities by noncentral governments might be traced:

- Geographic contiguity in transborder regionalism
- Imperatives of global and regional interdependence
- Extension of national foreign policy into nonsecurity issue-areas traditionally within the jurisdiction of noncentral governments
 - Populist resentment against big and distant national government
 - Dwindling national resources available for provincial/state developmental programs
 - Provincial/state/cantonal/municipal capacity to influence national foreign policy through taxation, political protests, and so on
 - “Me-tooism” (external activities as status symbols or political patronage)
 - Separatism⁴

Many of the most pressing contemporary global problems, such as environmental issues, epidemics, education, and social welfare, are ones that have

remained within the competencies of provincial governments and in which local and provincial authorities are assuming increased roles.

The combination of local problems and broader international relationships can create significant problems for foreign policy managers. Many issue-specific groups employ strategies that internationalize the domestic and domesticate the international. Some see the rise of social activism at the local level as symptomatic of a new form of politics that is bypassing legal and territorial definitions.

Russian Regions and Their International Reach

International law does not require any specific forms of recognition of a country's subnational units, which may be eager to develop international contacts. It acknowledges their right to sign treaties, open missions abroad, and participate in the activities of international organizations. The choice of specific forms of international contacts is dependent on a region's resources and abilities to be a part of international community, under the condition of compliance with general norms of international law.

According to the Federation Treaty, subjects of the Russian Federation are autonomous participants in international economic contacts. The constitution stipulates that foreign policy and international relations, international treaties and foreign economic relations, and war and peace issues are the responsibility of the central government. Coordination of international contacts of the subjects of the federation, as well as implementation of international treaties, falls into the sphere of joint jurisdiction of the Russian Federation and its subjects.

The federal law "On International Treaties of the Russian Federation," adopted on 15 July 1995, stipulates that the texts of international treaties to be signed on behalf of the central government should be checked with the regions if the treaty is to affect that region. Regions are welcome to submit recommendations concerning specific international documents of the central government. At the same time, it is required that regional authorities comply with the country's international obligations.

The federal law "On State Regulation of Foreign Economic Activity," adopted on 13 October 1995, stipulates that under joint central/regional competence are coordination of foreign economic activities of the subjects of the federation, including the creation of free economic zones; receipt of foreign credits underwritten by the regional budgets; creation and implementation of interregional programs, including information supply; and transborder commerce. Subjects of the federation may deal autonomously with foreign economic contacts within their territories; coordinate and exercise control over Russian and foreign citizens involved in those contacts; grant additional guarantees and incentives for investments (provided that they are in compliance with the international obligations of the central government); create insurance funds to attract foreign credits; and send trade missions abroad (under the condition of full financing from noncentral funds). The law specifies the procedure for mutual coordination and information-sharing between the federal and regional governments in preparing international treaties. It also contains a provision stating that the federal authorities are obliged

to guard the economic interests of the regions worldwide. In case of conflicts between the center and the regions over foreign economic issues, the president may block the actions of regional authorities until a court resolves the dispute.

The presidential decree "On the Coordination Role of the Ministry of Foreign Affairs of the Russian Federation in Conducting the Coherent Foreign Policy Course," issued on 12 March 1996, obliged the regional authorities to inform the Ministry of Foreign Affairs (MFA) about their international projects. All legally binding documents to be signed by regional leaders are subject to approval by the MFA. Regional trade missions abroad are instructed to coordinate their actions with the Russian embassies. This document confirmed the right of the MFA to open regional branches and make normative decisions, which are binding on regional executive power.

Some uncertainties remain. First, the difference between "foreign economic relations" (the function of the central government) and "foreign economic contacts" (the sphere of joint responsibility) is not legally fixed, which makes it open to interpretations.⁵ Second, the constitution lacks a standard statement that the constituent parts of the federation execute their international activities within the sphere of their competencies.⁶ That omission creates some ambiguity in separating the functions of the central authorities from those of the regions. From one side, according to the Russian civil code, the Russian Federation is not responsible for the obligations of its subjects. And the subjects of the Russian Federation are not responsible for obligations of each other or the central government. As adviser to the administration of the Moscow oblast on regional issues, Yu. Fiodorov, puts it, the central government refused liability for all credits and loans given to the regions, thus compelling them to find their own ways of servicing their debts and working with investors.⁷ At the same time, the property of the subjects of the federation located abroad is treated as state property, with all the immunities involved. A legal suit against one of the subnational units is directed against the federation as a whole. All of that still leaves numerous legal gaps in relations between the center and the regions in the domain of foreign relations.

Politically speaking, there are two interrelated forms of international participation by the subnational territorial units. First, they try to influence the decision-making process of the central government from within. Second, they may establish their own networks of transnational contacts. Those two forms, as I will discuss, are politically manifested in the Russian Federation.

Political decentralization in the Russian Federation complicated the policy-making process. Russian international conduct became more sensitive to the interests of the regions. The federal center did recognize that many foreign policy decisions are not realizable without taking into account the opinions of regional elites. A growing number of foreign policy actions are now taken after consultation with regional authorities. Governors are being invited to diplomatic talks as official members of the delegations.

Former Nizhny Novgorod governor Boris Nemtsov's comments regarding Belarus and its president, Alexander Lukashenko, are illustrative. Nemtsov was the first regional leader in Russia to question a major foreign policy, the rap-

prochement with Belarus. “Lukashenko is supposed to behave as obediently as the governor of Nizhny Novgorod oblast that gives to Russia much more than Belarus does.”⁸ Boris Nemtsov had advanced the following conditions for Russo-Belarus integration: Russia should control the customs service and define the rules of bilateral commerce; the Central Bank of Belarus should coordinate its actions with the Russian government; and Minsk should guarantee human rights in the republic. After Nemtsov’s statement it became clear that the most powerful regions would not be silently reconciled to watching federal money flow to assist a neighboring country, when the benefit to Russia was far from clear.

Another example of the same kind is Moscow mayor Yuri Luzhkov’s political campaign to reimpose Russian

control over Sebastopol. Moscow rendered a great deal of material assistance to the Russian Black Sea headquarters located in Sebastopol. Luzhkov’s numerous *démarches* could be interpreted as direct discord with the president’s management of foreign affairs. For example, under Luzhkov’s influence, the Council of the

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Federation has passed a document stating that there are serious problems between Russia and the Ukraine on the “Crimean question.” Luzhkov also enunciated his “Chechen plan,” which stipulated recognition of the independence of a part of that republic, and return of its northern part to the Stavropol region. On several occasions he criticized the authorities in Latvia and Estonia for their disregard of Russian communities.⁹ Luzhkov’s predecessor Gavriil Popov had also spoken extensively on foreign policy issues.

Federal authorities had to recognize Moscow’s leading role in the international investments and banking and financial spheres.¹⁰ But Russian MFA and other federal ministries disapprove of a number of the Moscow mayor’s foreign initiatives. He openly obstructed the treaty between Russia and Ukraine in the Federation Council. The Moscow municipality is eager to serve as a chief organizer of the Russian pilgrimage to the Holy Land in the year 2000, which would profit Moscow-based tourist agencies. Yuri Luzhkov did receive confirmation from the Israeli government that Moscow was its chief Russian partner, despite the protests of other Russian mayors. According to a Russian diplomat, Moscow and Jerusalem have bilateral relations, although Russia does not recognize Jerusalem as Israel’s capital.¹¹

Certain public pronouncements of Alexander Lebed, the Krasnoyarsk kray governor, have also challenged the federal authorities. In 1998 he threatened to subordinate to the krai authorities (i.e., to himself) the nuclear forces located near Krasnoyarsk unless the Ministry of Defense made good all of the military’s debts in the region. Several months later he refused to continue fulfilling previous com-

mitments to Ukraine, according to which Krasnoyarsk Enterprise for Mining Chemistry was reprocessing nuclear waste from Ukraine. Lebed insisted on increasing the payment for that operation by three times, provoking sharp reaction from Kyiv. It is remarkable that the initiative to publicly debate such controversial issues comes from one of the strongest regional leaders.

As governor of Nizhny Novgorod, Boris Nemtsov had also touched the sensitive topic of Crimea. "As regards rigid declarations [an allusion to Luzhkov's position], I suppose that despite superficial gloss and patriotic background, we'll be unable to change unilaterally the status of Sebastopol."¹² On another occasion he was slightly less pessimistic: "If I had been occupying a top position in the government, I would bring together big Russian business people and give them a recommendation—to purchase property in Sebastopol under the guarantees of the government. In this case Black Sea Fleet negotiations would have taken quite different forms. . . . I am confident that this way is more secure than . . . mere declarations. . . . Historical justice ought to be restored by capitalist methods."¹³ In the same interview Boris Nemtsov explained his views in opposition to NATO enlargement.

The federal center does not always welcome the international activities of Russian regions. For example, the federal government has said it will allow only the richer regions—meaning those that make a net contribution to the central budget—to borrow overseas. Yet in practice little prevents any region from raising foreign cash unless a state guarantee is required.¹⁴

In 1994, the MFA set up a consultative council of constituent parts of the Russian Federation for international and foreign economic ties. Yevgeny Primakov promised that the government would help regions develop their external projects. He noted that Russian regions' representative offices abroad would increase to thirty-seven and stressed that regions must be involved in the preparation of international agreements. Primakov particularly favored the development of interregional ties with CIS members. At the same time, the foreign ministry criticized some regions for bypassing Russian embassies in their dealings with foreign partners.¹⁵

But the legal arrangements and procedures for consideration of regional concerns in Russian foreign policy have not yet been created.¹⁶ Many ministries have no clear answers on how to adjust to the regionalization process. For example, there was no official reaction to the appeal of several governors of central Russian oblasts to the federal center to reconsider the terms for the destruction of chemical weapons located in their regions.

The legal framework for international activities by the regions is only in the embryonic state. In terms of facilitating foreign economic contacts on a regional level, nothing more specific than the advice "to create your own investment projects" was given by the parliament. No legislation to build infrastructure in the border regions was introduced, despite local authorities' pleas for a reasonable part of customs revenues.

The regions' impact on Russian international conduct takes different forms, most of them informal. In many respects regions have divergent and even competing interests. The Russian state has to respond to pressures from different

regional groups and regional authorities lobbying for specific economic decisions. Some regional oil companies, for example, have their own visions of Russia's relations with oil-consuming countries. There was a struggle between regional elites over state quotas for oil and gas exportation. It is characteristic that the issue of discontinuing the state's gold export monopoly has also a strong regionalist background. One of the proponents of demonopolization in this lucrative sphere was the deputy governor of the gold-rich Irkutsk region, V. K. Yakovenko, who was also the deputy chairman of Lenzoloto Company. He insisted that the gold market be freed from state control and that Russian regional banks be allowed to export gold.¹⁷ Another example is Yakutia: because that republic extracts about 90 percent of Russian diamonds, its interests and priorities may collide with those of the center, in terms of sharing the export benefits and dealing with foreign partners.

An attempt to protect regional interests through judicial means was the suit lodged by the governor of Khabarovsk challenging new taxes on export operations. The suit claimed that increasing the costs of direct transborder trade might damage established links with the region's foreign partners.¹⁸

Some regions were eager to introduce legislation framing their external contacts in certain areas, thus provoking a "demonstration effect" across the country. For example, authorities of Tula, Omsk, and some other cities imposed limitations on the operations of foreign religious missions before there was action on the federal level. There were declarations that many organizations coming from abroad "are explicitly inimical to the traditional Russian world outlook, spiritual, aesthetic and cultural values."¹⁹ Local authorities' restrictive practices triggered complaints from Christian charitable groups in Moscow, Roman Catholic priests in Siberia and the Far East, Lutheran pastors in Khakassia, the Salvation Army in St. Petersburg, a Jewish congregation in Briansk, Pentecostals in Yaroslavl', Baptists in Mari El, and so on. Because all the religious groups mentioned have direct links with foreign organizations (and receive their financial means from abroad), many officials in Western Europe and the United States expressed their concern. To a great extent, it was regional practices restricting the operation of foreign religious groups in Russia that caused the Duma and the central government to adopt new legislation in 1997 placing national-level curbs on foreign missions.

Another set of regional problems relates to the defense and security domain. A good example is the installation of the Russian troops evacuated from the "near abroad." The newcomers in military uniform were an additional burden for regional authorities, and that created obstacles to Russia's carrying out its international obligations. The capabilities of regions to accommodate the troops pulled out from abroad were directly influencing the schedule of evacuation and hence the state of Russian relations with neighboring countries.

Under the present economic realities, regional authorities have a strong voice regarding the problems of troop stationing, military exercises, logistics, food supply, and border regime maintenance. Because the degree of regional leaders' support has a clear bearing on the country's defense capacity, they are consulted on a wide range of military issues. For example, the Pskov region, bordering Latvia,

Estonia, and Belarus, is considered by the federal ministries as the testing ground for means of solving major border security problems. Mobilizing local resources is an important part of the strategy for adjusting to new border realities. For example, most border guards are recruited locally.

The second form in which regions participate in international affairs is by creation of their own “paradiplomatic” contacts with foreign partners, skirting the regulations of the central authorities. Those communications might take the shape of transborder cooperation between neighboring territories, sister relationships between cities, or cooperation between NGOs within the framework of “people’s diplomacy” or “global microdiplomacy.”²⁰

The “regionalization” of Russian foreign policy is not confined to attempts to pressure the central government from within. According to Ivo Duchacek, three types of “regions’ paradiplomacy” might be identified. First, on a microregional level, is transborder cooperation (which I will discuss below). Second, there is “transregional paradiplomacy,” meaning that there are connections between non-central governments that are not neighbors but whose national governments are. Third, on a macro level, there are patterns of “global paradiplomacy,” not limited by geographical frames.²¹

Not waiting for action by federal authorities, many regions started adopting their own measures to gain access to foreign markets or restore direct contacts that had been interrupted by the fall of the USSR, first of all in the former Soviet Republics and the “near abroad.” Many regions were disappointed with the level of effectiveness of Russian trade missions abroad and began seeking their own ways to international markets. Among the most active regions in agreements signed with foreign partners are Bashkortostan, Tatarstan, Mordovia, and Nizhny Novgorod.

Regional authorities try not to miss any opportunity to advertise their regions as dynamic and open entities. Some regional administrations have Internet pages. The Novgorod region, led by its dynamic governor Mikhail Prussak, has won a number of international tenders, which allowed it to procure financing for housing and public transportation. Effective tax policy in Novgorod relieves investors in productive spheres of paying taxes to the regional budget until they achieve full return of invested capitals.²² Analogous incentives were introduced in the Republic of Komi, where foreign investors are said to be able to save an average of 20 percent of their profits.²³

International lending agencies rate Russian regions for their creditworthiness. Moscow (both as the metropolitan city and as the region), Samara, Tyumen’, Sverdlovsk oblast, Tatarstan, Perm’, Nizhny Novgorod, Krasnoyarsk, and St. Petersburg are among the leaders on the list (their positions are roughly comparable to the ratings of Warsaw or Bratislava), and Kabardino-Balkaria, Jewish autonomy, Kostroma, North Ossetia, Karachai-Cherkess, Kalmykia, Altai, Tuva, Dagestan, Ingushetia, and Chechnya are outsiders. Moscow, St. Petersburg, and Kaliningrad are Russian cities with the greatest shares of joint venture and foreign capital.²⁴ In the car-building industry, which experienced relative growth in the last two years, two major factories, GAZ in Nizhny Novgorod and UAZ in

Ulianovsk, were rated “highly attractive” and “attractive,” respectively, to foreign investors in terms of brand, distribution network, debt, and market capitalization.²⁵

The bulk of foreign investment is concentrated in the central part of Russia, with Moscow as indisputable leader (about 60 percent of all foreign investments).²⁶ But the concept of creating “regional points of growth” is popular among regional leaders. Experts predict that among the potential “poles of investment growth” might be the northwest regions (St. Petersburg), Volga region (Samara and Saratov), south Russian region (Krasnodar and Rostov-on-Don), and the Urals (Yekaterinburg and Saratov).²⁷ However, a study by the Russian-American financial group Pioneer found that only five regions in Russia have laws regulating foreign investors.

Some regions have managed to borrow abroad, as a way of compensating for the lack of domestic investment resource. Three issued Eurobonds in 1997; another ten had plans to follow suit, but shelved them temporarily when the financial markets turned choppy. As economist Alexei Ulyukaev puts it, “The higher the degree of liberal reformism . . . implemented in [the] region’s economic policy (less administrative interference in business matters, less bureaucratic regulation, more successful privatization, no attempts to control the prices and redistribute incomes), the better . . . the investment climate in this region.”²⁸ Of course, natural resources are also of great importance: even remote and backward territories such as Buriat Republic try to entice foreigners to invest in coal, gold, forestry, and ecological projects.

Border Regions

In an interdependent world, regions are supposed to profit from their geographical location. Most local authorities are in search of ways to handle that issue. Leaders of Khakassia, for example, have tried to revive old trade routes connecting this republic with China and India. There is also a project to revive the old Hanseatic League to include Kaliningrad, St. Petersburg, and Novgorod.²⁹

The geopolitical situation resulting from the USSR’s breakdown strongly affected the state of regional affairs within the Russian Federation. Previously, of eleven economic regions in Russia, only six had an outlet to state borders and the ocean. At present only the Volgo-Vyatka economic region has no such outlet. Before 1991, twenty-nine territorial units of the county were border areas, whereas nowadays the number has risen to forty-six. As an adviser to the Russian president, Alexander Granberg, puts it,

these changes gave rise to new problems of production specialization, the structure of goods turnover, protection of the local markets from neighboring states, population migration, redislocation of armed forces, creation of new jobs and accelerated development of the social infrastructure. . . . By virtue of their unpreparedness they lie as an additional heavy burden on the regional authorities.³⁰

Regions adjacent to the Russian borders might be divided into two broad categories. In the first are those performing the role of frontier guards, or barriers, that defend Russian military, economic, and political security. The second might include those depicted as “open border” regions, where the function of contact with

foreign territories, and not separation from them, is predominant. Hence, there is the possibility of two different versions of neighborhoods: exclusive and inclusive.

An exclusive neighborhood “marks the limit of the milieu, the beginning of an alien area, often conceived as strange and full of perils,”³¹ and often characterized by practical conflicts over land claimed by two parties.³¹ That is the case with regions bordering on China, Azerbaijan, Georgia, and the Baltic republics, which assume the role of the “Russian outposts.” Not all of them have adjusted to fulfilling this task. Many of the regions are havens for illegal immigrants from the neighboring areas. This was a matter of insistent concern on the part of Russian security services, which claimed that the lack of adequate law enforcement

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created national security problems (illegal border crossing, smuggling, and so on). It is symptomatic that the majority of border regions have established security councils within the last two or three years. Regional elites are forced to solve for themselves—with insufficient aid from Moscow—problems of illegal immigration, fortification of bor-

ders, customs regulations, criminal law enforcement, and the like.

Because of poor state funding for frontier guards, a part of the responsibility for protecting Russian borders is shared by the Cossack units that before the 1917 Revolution were instrumental in keeping order in the most dangerous and permeable zones of the frontier. The current Russian government is not inimical to the revival of Cossack settlements, but according to the official view, they can hardly be a substitute for regular troops. The liberals fear that regional Cossack regiments could become out of control and side with nationalist forces. That was the point of Russian human rights activist Sergey Kovaliov’s accusation that the administration of the Krasnodar region was favoring the Cossacks and ignoring the migrant groups coming from the Caucasus, Fergana valley, and Tashkent.³²

One of the most striking examples of regional interference in the domain formerly reserved to the diplomatic services is the stand taken by the authorities of Primorsky Kray with regard to China. First, as Peter Kirkow and Philip Hanson state, “while the Russian Far East is populated by about 8 million people, the three north-eastern provinces of China alone have a population of 92 million. This is naturally causing a drive toward the north . . . [and] serious nationalist resentments among the dominant Russian population and [has] forced regional authorities to require again visas for crossing the border.”³³

Second, Kray’s chief executive, Evgeny Nazdratenko, refused to recognize the agreement reached between Russia and China with regard to delineation of a common border. That comes after a protracted dispute over islands in the Argun and Amur rivers and some other segments totaling twenty-one kilometers. The

governor has repeatedly declared that territorial concessions to China will damage the Russian ports and dislodge Russia from the Far East. Because Nazdratenko's appeals on this subject have led to significant complication of bilateral relations, President Boris Yeltsin instructed him to coordinate all of his future public pronouncements with the MFA. But Nazdratenko did not hurry up to obey. Created under his patronage, the Maritime Party launched a campaign to collect signatures to petition for a referendum to reverse the transfer of the territories to China.³⁴

It would be misleading, however, to reduce the Far Eastern problems to the personality of a single governor. The case raises much controversy. From one side, the Russian Far East gravitates geopolitically to the APEC area, where the principle of "open regionalism" has been adopted. It represents an effort to achieve compatibility between the development of regional trading arrangements and global imperatives.³⁵ In fact, regional cooperation with China was allowed to satisfy the demand for many goods and products in the Russian Far East, especially in the immediate aftermath of the USSR breakdown. It was hoped that the "junction area" connecting Russia, China, and North Korea would become a free economic zone to enhance mutual cooperation and exchanges. In the meantime, some Russian experts call the Far East "the weakest point in Russian economic security." As the Carnegie Moscow Center report points out, "free economic zones" turned out to be a network of border-to-border bazaars. Starting in 1994, the Russian government ended the "open border" policy with China and introduced visas for incoming Chinese visitors. Regional authorities received the right to determine the quotas for importing labor from China. The report concludes that in the future the regional administrative bodies should have more powers in specifying the border crossing regime, anticrime rides, law enforcement, and so forth.³⁶ Of course, there is some basis to Russian concerns that the future Chinese economy will constitute a drain on Siberian resources. Yet at the same time, as David Kerr suggests, "in the longer term, Russia, and the Far East in particular, may have to accept more permeable boundaries as one of the prices to be paid for its inclusion in the East Asian economy."³⁷

A good illustration of the tug-of-war between the federal and regional authorities is the debate over subordination of major Russian ports. Regional authorities in Novorossiysk, Magadan, Makhachkala, and some other port cities are claiming full financial control over their operations.³⁸ Should the ambitions of the local leaders be implemented, the federal center would lose control over sea exports, including oil.

Bordering territories (especially those adjacent to Mongolia, Kazakhstan, Ukraine, Belarus, Finland, and Norway) may also frequently play the role of "contact regions," as opposed to "border barriers" depicted above. The larger the territory of a state, the greater the chance that regions with direct entry into foreign nations will find themselves within their strong "gravitation field," often at the expense of contacts with their own center. In particular, the "Euroregions" comes to mind.

Transborder cooperation is treated by the Council of Europe Convention of

1980 as any joint activity undertaken to enforce neighbor contacts between communities and territorial authorities of two or more parties. Transborder cooperation is restricted by the prerogatives of local communities and territorial units as defined by domestic laws. From the theoretical perspective, a “transborder region” is a territory that crosses at least one state border and contains at least two social-economical spaces of polycentric organization. In a narrow sense, transborder cooperation implies mutually fruitful linkages between immediate neighbors; in a wider sense, it might be used for describing a relationship between two subjects with no common border (which is synonymous to “interregional” cooperation).³⁹ Near-border and interregional cooperation are widely viewed in Europe as first steps toward integration on the continent.

Of course this is not exclusively a European phenomenon. For example, kinds of “special relations” tie four southern states to their six partners in Mexico. Similarly, starting in 1970, some resource-rich Australian states experienced the strong gravitational pull of the financial centers of Southeast Asia.

Some Russian regions (Murmansk oblast, Arkhangelsk oblast, and the Republic of Karelia) participate in the Barents Euro-Arctic initiative, alongside neighboring provinces of Norway, Sweden, and Finland.⁴⁰ Finnish authorities initiated transborder cooperation between Lappenranta and Vyborg and between Imarta and Svetlogorsk. In Finland there is a clear interest in fostering cooperation with Karelia that is treated by Pertti Joenniemi as a good alternative to territorial claims from Helsinki. He advocates the idea of border transparency, which is of special importance to those citizens of Finland whose ancestors used to live in Karelia. In the same manner Germany deals with neighboring lands in Austria, Netherlands, France, and Poland.⁴¹

The idea of a “Euroregion” includes pipeline construction from Karelia to Finland and eventually to Sweden, collaboration in forestry, hotel building, communication, and so on. Of course, many issues are still unclear, including budgetary and legal procedures.⁴² Still, there is evident interest on the part of the Scandinavian countries to develop transborder relations. For instance, the Norwegian Ministry of Justice has decided to provide legal status to Russian small vendors doing business in Norway.⁴³

The governor of Murmansk oblast is advocating a transnational institution to bring together all subnational territories adjacent to the North Sea.⁴⁴ This initiative was presented to Goskomsever, the Russian governmental agency in charge of the northern territories development.

Among the problems before the Russian-Estonian Commission on Trade and Cooperation related to the interests of Leningrad oblast are the following:

- the hydroelectric station in Narva: in the Narva water reservoir, the state border is drawn down the middle of the dam, which makes its maintenance from the Russian side complicated due to visa regulations
- water supply of Ivangorod: the Estonian side wants quick reimbursement of existing debts
- bituminous shale processing from Leningrad oblast in Estonia, under the conditions of barter⁴⁵

Yet, there is interest in projecting the experience of Euroregions to the CIS. In particular, the Belgorod-Kharkov-Lugansk, Kuban'-Crimea, and Rostov-Donbass axes are being mentioned as potential pioneers of post-Soviet transborder cooperation.⁴⁶ There is a political impediment on the Russian part, because the bordering regions are economically depressed and form a sort of Red Belt (Pskov, Smolensk, Bryansk) with strong communist domination.

Ethnicity and Internationalization

Many endeavors of inter- and transnational regionalism are backed by strong ethnic and cultural traditions. Thus, the Republics of Bashkortostan, Mary El, and Mordovia are playing an important role in the World Council of Finno-Ugrian Peoples,⁴⁷ and Ufa was selected to be a home city for the International Organization for Turkic Youth. Given that major groups of the Tatar diaspora are concentrated in Uzbekistan and Kazakhstan, it is conceivable that the Kazan government has a special interest in maintaining close relations with those two countries.⁴⁸ The president of Yakutia, Mikhail Nikolaev, is publicly developing some ideas aimed at bringing together peoples belonging to the "northern circumpolar civilization." Tuva's constitution granted the republic the right to self-determination and secession, as well as to its own defense policy and customs service.

In 1994–95, many "domestic republics" in Russia with strong Muslim identification (Tatarstan, Bashkortostan, and Kabardino-Balkaria) signed bilateral treaties with the Republic of Abkhazia, which is desperately struggling to separate from Georgia. The Russian MFA expressed its "regret" about the encroachment on its prerogatives by constituent parts of the federation, in that the actions of those three republics conflicted with the international commitments of the Russian government deriving from the Russo-Georgian friendship treaty signed in 1994.

The regionalist bias in Russian foreign policy is felt in the need to take into consideration political attitudes of different ethnic minorities that reside in certain regions. It is inconceivable to develop a strategy of countering Islamic fundamentalism in the Southern borders of Russia with no account of those religious feelings that dominate in Tatarstan or Bashkortostan.⁴⁹ For example, it was important that after the outbreak of war in Chechnya, Tatarstan's president mildly but consistently distanced himself from all radical versions of Islamic fundamentalism, including those of foreign origin. In the meantime, Tatarstan is demanding to be legally recognized as a "subject of international relations," a status that is denied by Moscow.

It is very important to have an eye on how ethnic problems are tackled regionally—for example, in Orenburg oblast, which shares 1,800 kilometers of border with Kazakhstan, Tatarstan, and Bashkortostan.⁵⁰ The acuteness of the question is illustrated by the declaration by Bashkortostan president Murtaza Rakhimov in 1992 that his republic would never be resigned to the fact that only 38 kilometers of Orenburg territory separate it from Kazakhstan.⁵¹ In some cases, "divided peoples" could be an important factor shaping transborder relations: for instance, *lezgins* reside on both sides of the Russia-Azerbaijan border.

Chechnya is another example. Although the situation there is considered a Russian internal affair, it is symptomatic that many regional chief executives either refused to send to battle soldiers recruited from their oblasts or republics, or even pledged to withdraw them. At the same time, neighboring Russian regions undertake multiple (and not useless) attempts to build their own relations with Chechnya (this is, for example, the case with Ingushetia and Dagestan).

Political Implications

Regional autonomy in international affairs provokes tense and heated political discussions. Thus, political analyst Boris Kagarlitsky puts his doubts in the following way: "We are witnessing the 'Kuwaitization' of resource-rich Russian regions. Local elites are looking for their own ways to have direct contacts with the West, ignoring Moscow. But those elites not only bargain with each other, but also clash. Nowadays armed conflicts between Russian regions seem unimaginable. But is there anyone who could predict the war between Georgia and North Ossetia?"⁵² A number of Russian business leaders, including Boris Berezovsky, spoke out against separatist inclinations on the part of the self-minded regional elites.

Some Russian politicians express their reservations about major foreign countries' intentions with regard to Russian regions. "Certain forces are preparing separation of some Russian regions such as [the] Far East, Northern Caucasus, Kuril Islands, Sakhalin peninsula, Karelia, and forming a sort of sanitary cordon around the remnants of Russia": that is one of the typical quotations of this sort.⁵³ Many in Russia anticipate serious problems because, for example, the Kaliningrad region might become a part of European economic space much faster than the rest of Russia,⁵⁴ relying upon the help of Germany, Finland, Sweden and, possibly, the Baltic countries. Theoretically speaking, the so-called Far Eastern Republic, whose concept was discussed for quite a long time, might count on the assistance of Japan, South Korea, and China if it chooses integration with the Asian Pacific.

Even in St. Petersburg, several groups (in particular, "Nevsky kray" and "the Movement for Petersburg's Autonomy") advocate separation of this region from the Russian Federation. They propagate the idea of uniqueness of this city, which belongs, according to them, to the European cultural traditions, as opposed to the rest of Russia. St Petersburg's separatists propose to organize a referendum to become an "autonomous civilized unit."

Some Far Eastern regions of Russia are reoriented toward trade and financial cooperation with the countries of the Asian Pacific. This is the case of Primorsky Krai, whose leader, Evgeny Nazdratenko, sees the future of this region in "integration with [the] Asia Pacific area which is one of major center of business gravitation on the worldscale."⁵⁵ Numerous appeals of Mikhail Nikolaev, president of Yakutia, to speed up integration of countries directly involved in exploration of Arctic territories were treated in Moscow as "the search of new geopolitical bosses."⁵⁶

In fact, one cannot rule out the possibility that further fragmentation of Russia will lead to the appearance of small self-ruled territories in which the living standards might be higher in comparison with the rest of the federation, mainly

because of foreign investments. But according to a group of Russian economists, “in the long run, disintegration of Russia is incompatible with serious modernization. . . . Post-industrial modernization has always been paralleled by strengthening integrational links with other states, with the opening of borders and mutual penetration of cultures and economies. It is sufficient to refer to the experience of Latin America (Brazil, Argentina, and Uruguay), the countries of the Association of Southeast Asian Nations, and of course, the textbook case of the EU.”⁵⁷

Pessimism regarding the economic autonomy of the Russian regions is shared by Dutch economist Andre Mommen, who thinks that the new interpretation of transnational regionalism

is introduced in Russia via the analogy of the neoclassical theory of competitive advantages. . . . The existence of these advantages in a given territory makes it more attractive to foreign investors. . . . Globally-minded regional policies will present themselves as innovative actors and boost capitalist development. . . . But in the short run optimism is misplaced. . . . Finally, the expectations that foreign direct investments and export of raw materials could quickly improve productive capacity turned out to be false. Joint-venture capital flowed in, but the main incentives for foreign investors were the ease of access to natural resources, preferential taxation, and favorable conditions for export, not some believed-in expanding internal market. Investments began to be directed toward non-productive activities, especially trade operations and tourism infrastructure. This process was favored by decentralization and liberalization of economic activities.”⁵⁸

“The central government is still the major player when dealing with foreign companies wanting to invest in strategic sectors such as the oil and gas industries.”

International ambitions of Russian eastern regions may be hampered by strong dependence on Russian and CIS machinery, technology, and consumer goods, as well as by the economic crisis in Southeast Asia.

Many experts believe that there are serious negative implications of Russian regionalization for existing export control arrangements; leaders in Tatarstan and some other republics have achieved some powers over exports and raised anxiety among Russian and foreign diplomats. “Much of Russia’s military-industrial complex is located in republics and oblasts inclined towards a more independent status. . . . If the republics and oblasts gain greater autonomy, one suspects that controlling exports would become increasingly difficult.”⁵⁹ Another report states that “regional R & D activities will grow increasingly independent of the center. In this case, the regions might become autonomous arms exporters, with other countries as their central client rather than Moscow.”⁶⁰ It is doubtful, however, that independent-minded regions such as Tatarstan could gain direct access to the international arms market. All major weapon-producing factories are still dependent on Moscow in terms of orders and money supply. The center, by the same token, is increasingly reluctant to place substantial orders with enterprises locat-

ed in potentially explosive regions if there is a plausible alternative. According to the treaty with the federal government, Tatarstan might claim to be the “subject of international law.” But federal authorities are still able to control its industry, finances, transport, and communication. Moreover, according to presidential adviser Emil Payn, “foreign companies are reluctant to invest money in Tatarstan without federal government guarantees.”⁶¹

The central government is still the major player when dealing with foreign companies wanting to invest in strategic sectors such as the oil and gas industries. In fact, many subjects of the Russian Federation lack experience and expertise in international affairs. Nikita Bantsekin, director of the Department on Liaisons with the Subjects of Federation in the Russian MFA, explained that foreign governments usually do not perceive guests from Russian regions as official representatives of the Russian Federation and thus are glad if all formal arrangements are made through the Russian embassy. That is why the MFA recommends that regional leaders get in touch with Russian diplomatic authorities before foreign visits. For reconciling contradictions between the federal center and regions in the international domain, the MFA formed an advisory council that, several times per year, brings together representatives of regions to settle existing problems of joint interest.

Nevertheless, a number of regions with strong military-industrial presence are developing their own projects related to the military and security domain. The much discussed problem of reconversion is the point. The Defense Ministry is forced to coordinate the plans and programs of military reconversion with the regional authorities. For highly militarized regions such as Udmurtia, for example, where 80 percent of overall production used to come from defense plants, the lockout of the bulk of military enterprises might trigger unemployment and entail social upheaval. The position taken by the arms-producing regions was one of the factors determining the standpoint of the Russian authorities in favor of increasing arms sales abroad. Simultaneously faced with drastic cuts in military orders and the absence of a viable state conversion program, some regions took steps to develop their own initiatives, trying to rely on “self-financing of conversion,” that is, through the sale of oil and locally produced weaponry. The first deputy chairman of the Udmurt Council of Ministers, Vitaly Soloviov, in 1993 accused the state export company of misadvising the local authorities as to which of their weapons were exportable; although Moscow told them there was no world market for Kalashnikov guns, local manufacturers knew better. In 1997, in the regions with major concentrations of military industry, branches of Rosvooruzhenie, the Russian state-run military sales company, were opened.

On one hand, Moscow treats regions with strong foreign ties as partners in reviving the Russian economy. At the same time, some central government officials rather coldly meet the growth of regions’ international ambitions and try to constrain them. There are many examples of how the interests of regions may diverge from those of the central government. The matter of major concern for the Russian MFA—that is, maintaining global geopolitical balance and friendly relations with great neighboring countries—has little practical resonance in Primorsky kray, whose leaders are more concerned with illegal Chinese border crossings.

Reasons and Consequences

There are several reasons for regions' involvement in external contacts. Earl H. Fry indicates that mounting activism of noncentral governments in international affairs might be generally explained by factors such as the solidification of global interdependence in the economic, resource, and environmental domains; the rising ascendancy of economic issues on foreign policy agendas; and the absence of a hegemonic power to give guidance to the international economy.⁶² Milton Esman draws attention to the progress in communications. "The mass media have completely penetrated the peripheral regions. . . . This makes it easy, indeed inevitable, for people in the regions to compare their conditions with the international consumerist norms purveyed by the media."⁶³

But there are more explanations of this phenomenon with regard to the Russian Federation. First and more obvious is that regional elites are trying to get rid of the center's patronage and to erect their own channels of international communications, which can help them in attracting foreign investments and other forms of economic assistance. The better a region's international reputation, the more chances there are to harvest palpable results. International consulting firms, banks, and industrial and financial companies are looking for partners from the regions with strong transborder and supranational background to facilitate exchange of personnel and to find adequate response from the regional public. For example, most advanced regions of the European part of Russia are being included in the European network of transport communications.

Second, interference in foreign relations might be for domestic political consumption. Indeed, when in March 1995 the Ministry of Foreign International Contacts issued an instruction that envisioned participation of regional representatives in a luxury international "business tour" around Europe, the Nizhny Novgorod governor, Boris Nemtsov, in his letter to Prime Minister Victor Chernomyrdin, questioned wasting public money on such trips.⁶⁴ As a result, the tour was canceled, and that helped legitimize Boris Nemtsov's voice in nationwide politics.

Another rationale is the desire of Russian regional elites to augment their popularity by showing that they have international standing. To a certain degree, this is a specific form of symbolic legitimization of regional elites and a way of their self-assertion. This is, for example, the case of Kirsan Ilyumzhinov, president of Kalmykia, who was elected president of the International Chess Association. Intensive international contacts serve as a tool for increasing political credibility of regional authorities. This is the case first of all in those regions that formerly—in the Soviet times—were closed to foreigners because of security restrictions.

Like any political process, the international activity of the Russian regions has not only advantages but also problems. Federal center and regional authorities have joint jurisdiction for coordination of international activities in Russia. Federalism adds complications to the central government's conduct of foreign affairs, difficulties that are not present in unitary nation-states.⁶⁵ Too many subnational initiatives abroad may lead to chaotic fragmentation of foreign policy, causing Russia to present a conflicting position internationally.

Some experts point out that intensive internationalism is common only in the

most developed nations of the West. Besides, strict regulations do apply to those activities. For example, in 1968 the U.S. Supreme Court empowered the judicial authorities to cancel all legislative acts of the states that hinder U.S. foreign policy implementation. In Russia, the external activity of regions is not framed judicially. The federal treaty signed in 1992, as well as the constitution adopted in 1993, left certain ambiguities with regard to international roles of the constituent parts of the federation. That indeterminacy allows regional elites to claim that they have a right to exercise concurrent powers in international affairs.

Foreign Influences and Reactions

Theoretically speaking, “worldwide models define and legitimize agendas for local actions, shaping the structures and policies of local actors” in virtually all the domains of social life—business, politics, education, science, and religion.⁶⁶ For example, general world pressures favoring environmentalism, human rights practices, or gender equality have led to the development of numerous institutions and groups operating on the local level but with direct connections to international structures.

The search for new international standings on the part of the Russian regional elites often coincides with the reciprocal intentions from the West. For example, Zbigniew Brzezinski and a number of other adherents of the American realpolitik school presume that Russia should first be decentralized, and only on this basis democratized. The level of the decentralization, in this view, predetermines the reliability of democratic expectations. Other Western experts in Russian affairs maintain that the West’s main interest in the country is its decentralization. To paraphrase, Russia may be either a unitary state or a democracy.

Russia’s Western partners have a practical interest in Russia’s decentralization. Although that interest is not always expressed officially in diplomatic terms, major foreign aid programs are regionally oriented. For example, the bulk of the regions’ missions abroad in the early 1990s were installed under direct recommendation of foreign countries.⁶⁷ A 1994 study by the Heritage Foundation clearly identified regions that should be in the center of U.S. interest in the Russian Federation: “Aid should be targeted at the two Russian capitals, Moscow and St. Petersburg, as well as at Nizhny Novgorod (an important center of reforms), Yekaterinburg in the Ural Mountains (a key military-industrial center), and major port cities such as Vladivostok and Novorossiysk.”⁶⁸ A 1994 research program, “Federalism in Russia,” sponsored by the State Department, also contains overt indication of its regional priorities. There is clear “regional bias” in the activities of numerous grant-making institutions (for example, the British Council, Eurasia Foundation, Carnegie Endowment, IREX, Open Society Institute, Friedrich Ebert Stiftung, etc.) that have offices and/or collaborative projects in Russian regions. The Heritage Foundation officers in Moscow have a practice of meeting with regional representatives to discuss the problems of local legislation, taxation, and investments (especially in oil production areas such as the Khanty-Mansy region).

There is also increasing dynamism of major Western powers in regard to spe-

cific Russian regions for multiple economic, ethnocultural, or geopolitical reasons. Germany is showing interest in Kaliningrad and those oblasts that have large German populations (such as Yekaterinburg and Saratov). The problem of German autonomy within the Russian Federation has been discussed at the inter-governmental level for quite a long time. As German officials outlined, for their country it is more important to help develop the German culture in Russia than to stimulate emigration of ethnic Germans from Russia.⁶⁹

Finland is directing its influence toward neighboring St. Petersburg, as well as to the Komi Republic and Karelia, whose populations are ethnoculturally similar and geographically close to Suomi. All this is a part of the so-called Northern Triangle scheme, which creates an international transport artery between the heart of Europe and Russia and points further east. This project, in which Finland features as a key intersection, was adopted as an EU priority in 1994. The Netherlands also prefers to invest money in the northwest of Russia and has some bias toward communication, transport, agriculture, and ecological technologies.

Another concern for Finland and Sweden is ecology. Many old nuclear submarines are located in the Russian territories bordering Scandinavia, and some of them have already sunk. To prevent leakages, joint transborder efforts are readied, as is technological cooperation to prevent radiation contamination. The United States is also willing to cooperate with Russia in solving the problems of ocean pollution and radioactive waste contamination in the Arctic North and the Far East regions (especially in the White, Barents, and Kara Seas).⁷⁰ Russian federal and regional authorities are under constant pressure from international organizations “to eliminate the threats to the Arctic Ocean and the Baltic and Japan Seas from nuclear and other toxic waste dumpings,” as well as to stop the destruction of forests.⁷¹

China and other economically progressing countries of Asia (South Korea, Japan) are looking for a more active presence in the Russian Far East, owing to geographical proximity and the relatively weak influence there of the Moscow bureaucracy. Japan’s widely discussed intention to offer financial compensation to the Kuril population for yielding the islands to Japan is also an indicator of clear regional tilt in Tokyo’s policy with regard to Russia. According to economic forecasts, the area is going to be one of the “motors” of the world economy in the twenty-first century. If deprived of adequate assistance from the center, Russian Far Eastern regions will inevitably gravitate economically and politically toward foreign powers. For example, Korean investors agree to put their money toward the local fishing industry, tourist facilities, and even high-tech industrial parks but insist that the government keep promises to make this area a free economic zone.

Muslim countries are supportive of Tatarstan, Bashkortostan, Chechnya, and other republics with a strong Islamic presence. For the most part, that support does not go beyond economic assistance, but there is evidence that some Muslim nations are interested in political interference, enveloped in religious colors. There are two competing streams, pan-Islamism (with Saudi Arabia and Pakistan in the lead) and pan-Turkism (with Turkey and Azerbaijan), both with their tar-

get regions inside Russia. One of the most vulnerable regions is Dagestan, where “Turkey is conducting a policy aimed at creation of its lobby in the spheres of education, public service, and business.”⁷²

France, Italy, Britain, the United States, and some other Western powers that have no obvious ethnic or geographical preferences with respect to Russian regions are seeking to cooperate more closely with those regions whose elites appear to provide more stability and inclination to conduct market reforms, and whose economic and natural resources potential is substantial. A good example is Nizhny Novgorod, widely known for its liberal-oriented economic experiments under the governorship of Boris Nemtsov. The GAZ-FIAT investment project concluded in 1998 is the largest ever in the Russian car-building industry.

The Caucasus area, Pechora, North Siberia, Irkutsk, and Sakhalin are also important for foreign investments because of oil and gas availability. Protection of the marine ecosystem near Sakhalin Island is on the agenda of the Gore–Chernomyrdin Commission.⁷³ In the United States, some analysts propose to revive the idea of the Silk Road, which in their interpretation means Russian withdrawal from the Caspian Sea region, the Caucasus, and Central Asia.⁷⁴

Charles Fairbanks puts quite explicitly that

we need to be in touch with all regions of the Russian Federation, and to have [a] policy toward each. . . . The principal purpose of our contact with the Russian provinces is not to conduct diplomacy, but to channel foreign aid, support democracy-building trends and target Western investment to areas where we could make a significant difference. These might be areas where democratic sentiment is strong or areas that have better than average chances of prospering in conditions of a dis-integrating Russia, or preferably both. The ultimate aim is to create nuclei of relative order, prosperity and pluralism that can play a growing influence on the evolution of Russia as a whole.⁷⁵

Within the CIS, the country that, more actively than others, is seeking closer relations with the Russian regions is Belarus. The regions of Lipetsk, Yaroslavl, Volgograd, and Nizhny Novgorod are of interest to the Belarus government. President Alexander Lukashenko repeatedly expressed his desire to intensify links with the Russian provinces. The strategy has both a political and an economic background. Economically, it is critical for Belarus to expand the scope of joint venture enterprises, to improve the leasing practice, to strengthen the dealers network, and so on.⁷⁶ The major Russo–Belarus oil enterprise, Slavneft, incorporates the chain of plants and factories located in Yaroslavl’, Kostroma, and Ivanovo.⁷⁷ Politically, President Lukashenko understands that it is much easier to deal with the governors of Russian regions (first of all, with those that form the so-called Red Belt or are “apolitical managers”), than with politically motivated, federal-level politicians.

To what extent might outside powers influence domestic developments in the Russian Federation? Certainly, the areas of possible leverage are limited. Although the United States claims to assist in “nation-building” abroad, in fact it lacks the tools to do so with the Russian Federation. Diplomatic, political, and military considerations prevail in selecting the nation-building efforts to assist.

For example, the United States did nothing to support nation-building in Chechnya, Abkhazia, or elsewhere in the CIS after the collapse of communism. According to Vera Tolz, "As the war in Chechnya has demonstrated, Western powers, although critical of Moscow brutality, seem to agree that Russia can use broad means to preserve its unity."⁷⁸

Russian domestic development, however, including regional policy development, is largely influenced by the NATO and EU factors. The case of the Kaliningrad oblast is quite special. With the changes of 1989–91, a distance of some 400 kilometers opened up between the oblast and mainland Russia. Suddenly, the rather isolated, protective, and strongly defense-related region turned into an entity far more exposed to challenges of European integration than is Russia in general. The oblast became Russia's westernmost part, surrounded by two countries—Poland and Lithuania—that were engaged in developing a deeper relationship with Europe. An entity such as Kaliningrad, which used to be closed, has been compelled to open up, reposition itself, and relate to an increasingly integrated environment. A site that has been a fortification guarding against unwarranted external influences is now called upon to spearhead change. Kaliningrad is required to attune itself to a cooperative setting that breaks with the previous setting of rather divisive borders. It is particularly heavily influenced by the EU, Germany, Poland, Lithuania, and Belarus and yet remains within the sphere of Russian policies.

The problem of Kaliningrad will undoubtedly be exacerbated if NATO continues to expand. Even some American analysts recognize that "if Baltic states are later included, the Berlin problem will literally be recreated, only in reverse, for Kaliningrad will then be separated from the rest of Russia by NATO members . . . with the thorny problem of military transit rights and potential quarrels."⁷⁹ Some negative signs are already noticeable. According to a U.K. Ministry of Defense expert, "although both Kaliningrad oblast and the Russian Federation are keen to spend the required amount of money to construct, for instance, a highway from Russia to Kaliningrad via Poland—the so-called Suwalki corridor—the Polish political leadership has consistently failed to react positively to this idea. . . . Lithuania is also guarded in its willingness to cooperate with Kaliningrad."⁸⁰ These facts can partly explain Russia's willingness to form a union with Belarus, which would reduce the geographical distance between Kaliningrad and the rest of Russia from 300 to 100 kilometers.

The United States also has stakes in the Kaliningrad issue, from the broader perspective stemming from the recently announced Northern European Initiative (NEI). NEI was designed to promote cross-border initiatives in areas such as trade and investment, institution building, energy management, infrastructure enhancement, nuclear waste control, law enforcement, and the development of civil society. According to a study by the Council on Foreign Relations,

as Poland and the Baltic states become more integrated into Euro-Atlantic institutions, Kaliningrad's situation will become more and more of an anomaly. Ties to the Baltic states and Europe are likely to increase, especially in the economic area, and pressures by the local elites in Kaliningrad for greater autonomy and

closer association with Europe are likely to grow, accentuating Moscow's security concerns.⁸¹

Some of those problems might be conceptualized within the context of the formation of new European regions on a large scale—following seas or other notable geographical features. It is one of the processes that is widely expected to continue or even accelerate in the second post-Wall decade. The Baltic Sea region, so important in the perspective of Russia's regionalization, has already proceeded through its first phase (identity building) and stands now at the threshold of a second phase of demanding more economic content. By contrast, another important region, the Black Sea area, is at the level of statements of intent and early, formal institutions but neither shared identity nor decentralized networking.

Many Western analysts speak out against excessive stimulation of the decentralization process within Russian borders on the grounds that the process of disintegration might bring on the growth of Russian nationalism or a search for authoritarian solutions. Further disintegration of the Russian Federation would create an unthinkable set of security problems that would undermine all hopes for stability in Eurasia.

There are, of course, numerous impediments to fruitful cooperation between Russian regions and their international counterparts. Some of them are the results of Russian regional bureaucracy. Many businessmen entering the Russian market are concerned about threats from organized crime, customs fraud, and corruption.⁸²

As Peter Kirkow suggests, the question of ownership rights and the culture of corporate governance in Russian regions is a major issue for foreign companies. The ambivalent division between management and ownership in Russian companies is a real problem. "According to Kirkow, foreign investors prefer specific sectors of the economy such as oil, metals, and aluminum, partly due to the mono-resource specialization of various regions. This specialization stands in stark contrast to the intention by many central reformers to diversify the economies of Russia's different regions."⁸³

Summary and Generalizations

Russian regionalism is a transnational phenomenon. It is closely related to processes developing abroad, and understandably so, given that the logic of interdependence dictates transparency in public policymaking. Regionalization of a strongly centralized state and big power such as Russia has apparent international dimensions. In the case of Russia, the political center has to learn how to manage the great variety of local political forces seeking international contacts. Asymmetry, so firmly embedded in the structure of Russian federalism, has clear repercussions in the region's international reach.

Today, the global market for goods and services creates new centers or poles of attraction, influencing the process of decomposition on the state level in Russia. Russia is in a process of territorial and political decomposition. Caught between the West and the East, the Russian Federation is too weak to resist pressures from the developed capitalist world. Because the Russian Federation is still

in a process of self-transformation, federal and regional leaders are still looking for a role to play on the international level.

The interplay of internal and external factors will remain an important determinant shaping Russia's regional structure. Regionalization has become one of the instruments in Russia's search for a new national identity.

The nature and direction of Russia's regionalization depend substantially on the international environment. Many factors, such as geopolitical shifts, transborder economic cooperation, military-strategic determinants, ethno-territorial and religious conflicts, and cultural diversity, will be long-term rather than short-term influences. They will be powerful incentives for the country's further regionalization in the years to come. Hence, it is important to provide Russia with positive external inputs. Russia's active participation in various forms of transregional and transborder cooperation, and its engagement in intensive dialogue on regional issues with foreign policymakers should be supported.

Continuing self-assertion by Russia's regions might influence the geopolitical landscape in neighboring areas. Some nations will see the decreasing powers of the center in zero-sum terms, as a chance to gain political and economic advantages at the expense of Moscow and to expand the sphere of their influence. Others will try to deter the growing regionalization from becoming a troublesome security problem. For Russia, regionalization, if managed skillfully, might ease transformation to federal democracy, and hence improve its relationship with the West. A regionalized but stable Russia could be a more transparent and cooperative international actor to deal with. The real challenge for major world powers is how to encourage decentralization without provoking excessive centrifugal shifts within the federation.

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