

# The Institutional Design of Russian Federalism: A Comparative Study of Three Republics; Tatarstan, Dagestan, and Chechnya

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**Abstract:** Federalism, as an institutional design, is a rubric that can consolidate all regions within Russia into a stable state. Lessons learned in Tatarstan and Dagestan since 1990 provide the necessary guidelines that may facilitate Chechnya's peaceful inclusion into the state. Federalism can demonstrate to the citizenry that they are better off within a federal system than an independent system.

**Keywords:** asymmetry, Chechnya, Dagestan, federalism, Russia, Tatarstan

## Introduction

Over the course of the past decade federalism has, for the most part, allowed Russia to temporarily stave off ethnically motivated separatism by granting varying levels of autonomy to the regions. The question follows as to why this has worked successfully in certain non-Russian areas, specifically the republics of Tatarstan and Dagestan, which have joined with Moscow under this federalist arrangement, while other ethnic groups and states, most notably the Chechens, have pushed for secession and violence. Moreover, is instability inherent to an ethnically diverse federation or can agreement on the breakdown of power be achieved that will pacify all parties involved?

Following the resignation of Soviet President Mikhail Gorbachev, the Russian rump state lost the coercive and persuasive ability to rule a centrally controlled empire. Instead, the Russian masses were bequeathed a decentralized nation devoid of a coherent national identity and ethos.<sup>1</sup> As Daniel Kempton and others show, the collapse of the Soviet Union let loose “. . . the centrifugal forces of ethnic nationalism, religious animosity, and regional self-interest.”<sup>2</sup> Adding to the exacerbation of the already deep ethnic and economic cleavages present in Russian society was the political tug-of-war developing between President Boris Yeltsin and the leaders of the Russian Supreme Soviet, who possessed the legal author-

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ity to run the country. In his attempt to build internal alliances against this legislative body, Yeltsin brokered numerous deals with the constituent republics over the levels of autonomy they could acquire.<sup>3</sup> At this time, he uttered the now infamous and subsequently disastrous statement to the republics, “grab all the sovereignty you can.”<sup>4</sup> Between 1994 and 1998, the federal government signed forty-two power sharing treaties with forty-six of the eighty-nine regions.<sup>5</sup> In many instances, the federal government ceded lucrative privileges within the economic and political arena to the local governors.

The historical case studies within this article depict how interpersonal relations among the political elite played a key role in the development of asymmetry leading to either the occurrence or avoidance of conflict within Tatarstan, Dagestan, and Chechnya. Furthermore, by focusing on the erratic evolution of the institutional set up, the path discussed shows how political and economic incentives within a federalist framework can be used to incorporate all regions and republics into a unified state.<sup>6</sup> The process denotes how the would-be disastrous remnants of asymmetry can be substantially reduced and replaced with political and economic motivators to incorporate the regions into the dominant regime.

### **Federalism Defined**

The ripple effect set off by the attempts of the ethnic republics to assert greater sovereign control caused an ever-increasing move toward decentralization and confusion across the reigns of government. This process tested the limits of the new, however ambiguous, rules of power demarcation within the Russian Federation. Authorities had little guidance considering the federal design of the Soviet Union was more of a figurative construct on paper rather than a practiced reality. The result is that although the concept and application of federalism seems to be a natural design for the Russian state, its implementation has been full of half measures.

Nonetheless, due to the vastness of its territory; the economic, climatic, and geographic diversity of its regions; and the great numbers of indigenous peoples that comprise its multiethnic nature, federalism is a necessity. Federalism allows the political elite to peacefully integrate different ethnic groups and states under a single overarching governing structure.<sup>7</sup> The issue at hand, however, is what type of balance is necessary to placate the varying demands from different regions and republics. Unfortunately, as Dmitry Gorenburg reports, one of the lasting legacies of Soviet attempts at federalism was the creation of strong, sub-national, ethnically motivated identities with claims to territory, independence, and resources after the USSR's collapse.<sup>8</sup>

In this light, federalism acts as an institutional structure, distributing governing authority to various units over a unified territory. As James Alexander states, “[r]ule is divided between regional and national government to encourage self-rule within regions and shared rule across the entire state.”<sup>9</sup> Moreover, as Ronald Watts indicates, “[i]t is based on the presumed value and validity of combining unity and diversity and of accommodating, preserving and promoting distinct elements within a larger political union. The essence of federalism as a normative principle is the perpetuation of both union and non-centralization at the same time.”<sup>10</sup>

By combining strong central government and constituent units, with each possessing powers delegated to it by the citizenry through constitutional and election processes, each unit, both state and federal, is empowered to deal directly with the people in the exercise of legislative, administrative, and taxing practices.<sup>11</sup>

Federations are a contract between state and society that germinates through a dialogue between the two entities. Sociologists view this process as a means by which debate and negotiation are first entered into between the state and region and only afterward does a text enshrining the results come into force.<sup>12</sup> Within this process, the exact line is delineated between the center and periphery. The ironic twist is that, in Yeltsin's rush to garner support in his infighting with the Supreme Soviet, a large range of powers were granted to the regions and encoded in various documents and treaties prior to the constitutional order. Only now is the internal debate taking place about where the line between state and region should be drawn.

### **The Heart of the Russian Problem and the Constitutional Question**

The Russian framework possesses numerous contradictions within the application of the governing documents. The Constitution of the Russian Federation is vague in its statements on the nature of the institutional set up of the country and contradicts numerous other governing documents. In many cases, ambiguity serves federalism well, but confusion reins in the Russian case.

The belief in federalism as a measure to mitigate tension in and between ethnic regions and the state contends that it will function as an institutional buttress against the vertical division of power.<sup>13</sup> Federalism as a means against the majority is meant to protect the voice and liberty of those in the minority. It does not require a decentralized state with power extending unchecked to the periphery but rather a horizontal delimitation of powers encoded and applicable to all regions. Through this process, federalism becomes a tool “. . . to protect against central tyranny, increase citizen participation, encourage innovation and strengthen community identity and values.”<sup>14</sup>

The question of ethnicity and the ethnically motivated chaos that has simmered in recent years, but entered the national scene a decade ago, does not destroy the prospects for a sustainable federation in Russia, rather it changes the nature of the end product. Ethnic federalism refers to those elements of the institutional design aimed at providing for and managing the multiethnic diversity of any given territory. Although the non-Russian elements of the population are relatively small, they live compactly on their historic and native lands and cannot be considered a minority but rather a native-born “ethnos” with just claims to the land and an element of control over their territory.<sup>15</sup> This historical determinant has created the backbone of asymmetry within Russia and demonstrates the necessity for federalism to take into account regional differences. This does not preclude the possibility of the aggregation of a common obligation from all regions and creating some semblance of horizontal unity across the republics with a common adherence to the central government. Positive economic advancement and sufficient political leeway has the potential to hone regional interests toward the apex of power in the Russian state.

Unfortunately, the constitution, in its current form, lacks a conceptual and theoretical definition explaining the status of the various units in the federation. It does not reflect the level of sovereignty the republics declared back in 1990, as in the cases of Tatarstan and Chechnya, as well as the nature of Russian federalism tacitly agreed to before the implementation of the constitutional order.<sup>16</sup> In reality, the constitution itself negates the asymmetric order that the state has helped engineer over the past fifteen years. Subset 1 in article V of chapter one reads, “[t]he Russian Federation shall consist of republics, territories, regions, federal cities, one autonomous region and autonomous areas, which shall be equal

subjects of the Russian Federation.”<sup>17</sup> The term equal contradicts the core of asymmetry because these various groups are not treated the same. Tatarstan and Dagestan have been accorded a variety of autonomous powers, while Chechnya has not.

The problem with regional disparities is that they undermine the uniform bargain between individual citizens, regions, and the state. The fracturing of the state in the previous decade resulted in drastic variation across the federation in terms of economic success and living standards. This led to resentment from other regions toward the federal government and those areas that gained more access to state coffers and local mineral rights.<sup>18</sup> Although it is true that this element may be visible in other federal systems, such as the United States and Britain, the Russian Federation has yet to implement a coherent plan to begin the process of bringing these areas into line. This element of the system has stunted “. . . the development of a Russian national identity, realigning citizens’ loyalties from the nation to their region.”<sup>19</sup> Whereas there can never be an absolute equality in social and economic terms among all the citizens of Russia, the state must act as the protector of all peoples within the legal sphere and provide an environment in which all may take advantage of potential economic opportunity.

In an attempt to close the holes in the institutional set up of the Russian system, Putin has instituted a package of governmental reforms after his election. Key to the implementation of his plan to recentralize elements of constitutional state control and end the rampant asymmetry of the previous decade are the seven appointed presidential envoys to the seven new administratively created federal *okrugi* (regions). They represent the presidential apex of vertical power in Russia and were initiated to show a greater “presidential” presence in all corners of Russia. This reform was executed to “. . . ensure the realization of the president’s constitutional powers, increase the effectiveness of the federal agencies, and improve the system of monitoring the implementation of their decisions. The decree subordinated the envoys directly to the president and they currently serve at his discretion.”<sup>20</sup> The state’s goal behind this plan is to standardize the political, economic, and legal spheres of government to create a sense of horizontal equality among the regions.<sup>21</sup>

Since their inception, these reforms have produced substantial changes in the balance of power between the center and the regions, fundamentally reducing the power of the governors.<sup>22</sup> Moreover, the federal government has reinstated the direct appointment of governors to the regions along with a reduction in the influence of the regional heads in the Federation Council.<sup>23</sup>

The central government is now becoming acutely aware of, “[t]he resentment of the regions over what they considered their second-class status in an asymmetrical federation which granted what were, in their view, unjustified privileges to republics. . . .”<sup>24</sup> Still, critics of the recent moves by the Kremlin fear that Putin is moving the country away from federalism and toward a unitary state where power is directed from the center to cut off the roots of asymmetry in Russia. However, article XII, a recent modification of the Russian Constitution, recognizes the right of local self-government, through its citizens, to participate directly in the governmental process through referenda and elections and indirectly in the local institutions of government.<sup>25</sup>

The problem facing the government today is twofold, in that it requires the state to complete the formation of a uniform internal political, legal, and economic system to spread recent advancements, as well as solidifying the development of federal relations with the regions. Flagrant asymmetry can exist in the short term to provide enough of a “carrot”

for those elements of society alienated from the state a chance to experience the benefits of incorporation. However, in the long term, for the greater cohesion of the state, massive variation cannot exist and there needs to be a move toward the standardization of political, legal, and economic conditions. The following sections evaluate the process of state formation by identifying variations in the relationship between federal and constituent entities throughout the 1990s in an attempt to understand why Tatarstan and Dagestan exist peacefully in the union and Chechnya does not. Although the federal relations of these three regions evolved quite differently, certain commonalities in the form of economic and political incentives can be identified and potentially applied to the Chechen scenario. The conclusion gives insights into the type of path necessary to create a stable multiethnic federation where all regions and republics are relatively equal and economically sustainable.

### Case Studies: Tatarstan

Contrary to other republics, in the eyes of the Tatar elite there was no legal document securing Tatarstan as a part of the new Russian state but rather merely the former USSR.<sup>26</sup> Tatarstan was an independent cofounder of the Soviet Union and ascended contractually to the union in 1922. The formal push for greater autonomy began with an election held in 1990 to confirm the first elected president of the Tatar Republic. Nine months later, newly installed President Mintimer Shaimiev issued the “Declaration of State Sovereignty,” which, although inflammatory, did not overtly imply that Tatarstan was not a legal part of the new Russian Federation. In the years of ambiguity that followed Yeltsin’s protracted standoff with the Supreme Soviet, relations between Moscow and Tatarstan were in political limbo. Meanwhile, Shaimiev sought to lead his republic onto the world scene by securing domestic and international legitimacy. Arguing that Tatarstan’s claim to independence was historically appropriate, Shaimiev, along with the political elite, endeavored to secede and create their own state.<sup>27</sup> However, in March 1992, this plan was cut short by a referendum in which the people called for the initiation of contractual relations rather than outright independence.<sup>28</sup> The referendum denied Shaimiev outright separation but helped his quest for ever-greater autonomy within the Russian state.

What followed was a bartering process testing the limits of how much freedom Tatarstan could exert within the confines of the Russian Federation. As part of the dénouement crystallizing an end of the power struggle between the Russian executive and legislative branches of government, Yeltsin held a referendum on the new Russian Constitution. Despite Shaimiev’s refusal to participate in the constitutional referendum and the parliamentary elections, secession was unpalatable. Moreover, Yeltsin required Shaimiev’s assistance in holding the reins of regional leaders, the two leaders moved toward consolidating a contractual relationship that would benefit both parties.

The resulting treaty signed jointly between the presidents of the Russian Federation and the Republic of Tatarstan created a federative association. Shaimiev and Yeltsin signed the

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document as equals, which created the image of a leader from one of the eighty-nine republics on par with the president of the Russian Federation. Furthermore, the power-sharing agreement was in open contradiction to the Russian Federal Constitution and has since provided the documented basis for asymmetry.

The agreement allowed the Tatar government the right to keep all fees from oil production and refining on its soil and up to 75 percent of the revenue collected from local taxation.<sup>29</sup> The treaty further decrees in article II, subset 6 that the government of Tatarstan will “[d]ecide issues relating to possession, use and disposal of land, mineral wealth, water, timber and other natural resources, as well as state enterprises, organizations and other movable and immovable property. . . .”<sup>30</sup> Article II, subset 4 grants the Tatar government the role of supreme legal regulator and administrator for the republic, while subset 8 decrees the republic the right to determine citizenship; the ability to participate in international affairs and international economics are outlined in subsets 11 and 13.<sup>31</sup>

At the time the treaty was signed, it was the necessary carrot that Yeltsin used to assure Tatarstan’s continued presence within the union and sideline ethnic tensions. However, Yeltsin’s deferral to Shaimiev resulted in the republic possessing a *carte blanche* for the next ten years in all key areas of governance. Furthermore, Shaimiev’s gain at the expense of the less-powerful regions created a space for resentment and anger toward the more powerful and autonomous regions.

Essential to Putin’s harmonization strategy is the creation of the seven federal regions and the appointment of Sergei Kirienko, a former prime minister, as his personal envoy to the Volga *okrug* encompassing Tatarstan. By the end of 2002, he convinced the Tatar government to adopt 357 amendments to the republic’s constitution and subsequently ensured that they were ratified by the legislature.<sup>32</sup> The problem was that the remaining elements of disunity between the federal constitution and the republic’s document thwarted the Kremlin’s goal of harmonizing laws. Many elements of the 1994 power-sharing document remained intact, including a section that called for a concept of limited sovereignty for the republic.

In a near repeat of 1994, the intervention of Putin was necessary to rectify the situation. Putin convinced Shaimiev to relent and agree to a new system, which dismantled several of the last vestiges of the previous decade’s claim to sovereignty and created a new, more harmonious method of fiscal federalism. The agreement provided for the transfer of all profits from oil production and refining to Moscow along with 75 percent of all taxes collected. In the end, Putin used his presidential authority and convinced Shaimiev to concede by providing the carrot of a five-year, 306 billion ruble socioeconomic development program, sixty-one of which would come from Moscow.<sup>33</sup>

Still, despite these successes, the most pertinent underlying problems remain. Growing inequality is spreading across Russia, creating feelings in other republics and regions that they too should be privy to the same benefits. Moreover, since the process required the personal intervention of the federal president, this indicates that little has changed in the realm of political discourse since the mid-1990s and still necessitates deals cut between the respective heads of government. Nonetheless, this should be viewed as a victory for Moscow in its campaign to reduce asymmetry.

### **Dagestan**

Dagestan, accustomed to a vertical chain of power with directives coming directly from Moscow, experienced political atrophy combined with confusion among the ruling elite

and the ignition of internal ethnic movements. The historiography of this republic depicts how a society can work to form a consensual model of government incorporating all elements of society with its own system of checks and balances.<sup>34</sup> The process began in 1991 when the Dagestani Supreme Soviet overwhelmingly declared the republic's autonomy—within the Russian Federation. Dagestan subsequently signed the Treaty of Federation between the other eighty-six regions, minus Tatarstan and Chechnya, and the federal government on March 31, 1992. Initially—due to Yeltsin's campaign against the Russian Supreme Soviet and since it did not present a substantial threat to the continuity of the Russian state—Dagestan was ignored. Moreover, considering Dagestan's strategic location on the Caspian Sea and its oil wealth along with the pipeline transit system crossing the republic, the Dagestani elite did not push Yeltsin. However, with the near disappearance of central directives, Dagestanis were forced to create a new method of organization that would affirm the rights of minority ethnic groups and create a stable regime.<sup>35</sup>

Yet, although Dagestan did not seek to break with the Russian state, the collapse of communism left the republic impoverished. By 1996, Dagestan's gross domestic product (GDP) was at 16 percent of its 1990 level. Additionally, national income was only 44 percent of the national average, poverty afflicted 60 percent of the population, and unemployment officially stood at 15 percent, 5 percent higher than the national level.<sup>36</sup> For these reasons, and as a possible tool to motivate the regime to remain in line with Moscow, the federal government currently subsidizes up to 85 percent of the region's budget.<sup>37</sup> With the continuation of budget and legal asymmetry, Moscow has delayed separatism and unwittingly provided the necessary ingredients for Dagestani society to form a new model of consensual government matching the needs of their multiethnic society.

Unlike Tatarstan, Dagestan does not possess one seemingly dominant ethnic group but rather consists of fourteen unrelated groups, with the largest claiming 28 percent of the total population.<sup>38</sup> The inability for any one of the groups to gain the upper hand over the rest has resulted in the creation of a remarkable communal form of governance. Arend Lijphart regards this type of "consociation democracy" as the category of institutional setup in which:

The first and most important element is ruling through a creation of large coalitions of political leaders from all the significant segments of pluralistic society. This could take several different shapes, for example, by setting up a supreme council within parliament, a council or a committee with important recommendatory functions, or any other coalition of the president with other top officials in the presidential structure. The three other elements of consociation democracy is (1) mutual veto or principle of concurrent majority's shared positions that act as an additional protection of the minority's vital interests, (2) proportionality in appointment to civil service and appropriation of public funds, as the main model of political representation, and (3) a high degree of autonomy for each segment in handling its own affairs.<sup>39</sup>

The main characteristics of the regime mirror several of these components and are outlined in the Constitution of the Republic of Dagestan, ratified in 1994. The constitution indicates that a fourteen-member *Gossoviet* (state council) will be elected through a specially convened two-step constitutional assembly rather than popular elections. This is provided for in article LXXXVIII+ and is designed to prevent any one nationality from gaining more than one seat on this council. On three separate occasions, the people have rejected referenda proposing an individual executive for fear of ethnic favoritism and con-

flict.<sup>40</sup> Under the auspices of article XCII, the executive council, through a secret ballot, elects a chief executive who takes on the functions of the president of the republic.

The success of Dagestan's political system in a highly unstable corner of the world is a testament to how this ". . . consociation democracy . . . was engineered by the very process of the political struggle there, by the existence of a multitude of ethno-political segments based on traditional ties. . . . And the conclusion that no party has a chance of getting the upper hand over all the others is not a result of a theoretical discussion, but that of an analysis of a concrete situation—that there are certain political institutions established in society."<sup>41</sup> This commonly held conception within the republic is the basis for the current inhibitions toward the Kremlin's recent attempts over the past five years to reinstitute the rule of law.

In the struggle for power between the Kremlin and Dagestan three overarching concerns in the legal, political, and economic arenas remain. Within the legal arena, the debate stems back to a federal law passed on March 5, 1999, titled, "On Guarantees of Rights of Indigenous Small Peoples of the Russian Federation." Local disagreement with this law arises from the section that pledges protection for all ethnic minorities whose population exceeds a half-million. Although it does not forbid the protection of smaller groups, the legislation is ambiguous and several of the Dagestani ethnic groups possess numbers below this numerical threshold. In another attempt to stave off ethnic tension and outright anger toward the center at this oversight, the government petitioned the federal Duma to add the names of the Dagestani ethnic groups whose numbers are under the federal requirement and concurrently passed a domestic resolution that also affirms their rights.<sup>42</sup>

Second, the Duma decreed that the republic should shift toward a presidential model in its institutional set-up to harmonize the system with the other eighty-eight regions.<sup>43</sup> Concern has arisen since any attempt to select one ethnic group over another could result in one ethnicity consolidating power and creating the seeds for internal conflict. The population ". . . firmly believes that the collegiate form of government (even a curtailed one) prevents the monopolization of power and property by an ethnic community. The ethnic elite and the people of Dagestan think that a rejection of ethnic collegiality would lead to a re-division of property, power and administrative benefits and hence plunge the republic into chaos."<sup>44</sup>

If the Kremlin continues the recentralization process without taking into account the republic's special status and the necessity of maintaining several of the institutional variations that have proved positive over the past decade, alienation toward the center and internal conflict may occur. Bureaucratic interference from Moscow is threatening a home-grown consensual model of government that has, until now, maintained harmony. Furthermore, within the economic arena, as long as the federal government is required to subsidize the local republican budget, asymmetry must persist to convince the locals that continuation within the Russian federal system results in tangible economic benefits. The process, if undertaken slowly, can move to end monetary asymmetry in the form of budget subsidization in the short term. However, to further convince Dagestanis they are a valued part of the federal system, Moscow must respect the local governmental design.

### **Chechnya**

The tragic events in the history of post-Soviet Chechnya began in November 1990 when Soviet Air Force General Dzhokar Dudayev became the head of the All-National Congress of the Chechen People. This organization existed as a shadow association in opposition to

the Supreme Soviet of Chechnya elected in 1990.<sup>45</sup> As an extreme nationalist, Dudayev was a key factor in the events that followed in the first half of the 1990s, which led to the eventual decimation of the republic. The subsequent events framed the asymmetric necessities of today needed to successfully reabsorb Chechnya into the federal system.

The political opening that allowed Dudayev the chance to seize the highest levels of power in the Chechen republic came with the hard-line putsch in Moscow in August 1991. Although the Chechen Supreme Soviet did not immediately denounce the coup, Dudayev led protests and demonstrations numbering in the tens of thousands in Moscow, calling for the return of Mikhail Gorbachev. Soon after Gorbachev was reinstated in Moscow, the leader of the Supreme Soviet, Doku Zavgayev, resigned and the Supreme Soviet folded.<sup>46</sup> Elections held on October 27, 1991, resulted in Dudayev's "Our People" party winning a substantial proportion of the seats in the new parliament and Dudayev himself garnering 85 percent of the vote for the presidency. A week later, on November 2, Dudayev publicly declared Chechnya to be an independent republic federation.<sup>47</sup> Initially, as in Tatarstan and Dagestan, Moscow paid little attention to the declarations of sovereignty, independence, and greater pushes for autonomy. Although Yeltsin sent troops into Chechnya to restore control and imposed a blockade on the southern border, the Duma, in its standoff with Yeltsin, refused to sanction the deployment, which forced the troops to quickly leave.<sup>48</sup> This event humiliated Yeltsin and emboldened Dudayev to push for even greater concessions from Moscow and resulted in an increasing war of nerves between the two leaders.

The next political blow directed toward Yeltsin from Dudayev came in 1992, when the Chechen government refused to take part in the referendums on the Federation Treaty, the new Federal Constitution, and the subsequent election process for the national Duma. Still, the Kremlin's policy toward Dudayev consisted of a carrot-and-stick scenario. The stick was, essentially, partial support for anti-Dudayev factions within Chechnya, while the political carrot the Kremlin used was the formation of a special delegation to hold talks with Chechen governmental representatives tasked with ending the hostile situation.<sup>49</sup> Dmitri Trenin and Aleksei Malashenko contend that, in theory, a compromise between Moscow and Chechnya could have been reached up until the storming of Grozny by federal forces on New Year's Eve in 1995. Indeed, throughout 1994, Yeltsin's government feebly endeavored to negotiate with Dudayev; however, ". . . the opportunity was missed owing to an important human factor: Boris Yeltsin pointedly refused to meet with Dudayev, who insisted their meeting be one of equals. Both members of Dudayev's entourage and Moscow-based analysts believe that had such a meeting occurred . . . there could have been a mutually satisfactory solution and the struggle for sovereignty might not have degenerated into a war."<sup>50</sup>

Regardless of possible historical counterfactuals, the bloody New Year's Eve attack on Grozny trapped Yeltsin and Dudayev into defending their own positions. After Dudayev's assassination, Aslan Maskhadov, who helped negotiate the end to the First Chechen War, was elected president in January 1997. However, he was never able to exert control over the more radical elements of the rebel movement under the command of Shamil Basayev.

As the Second Chechen War wound down, Putin was faced with the realization that he needed to normalize relations with the wayward republic if his recentralization plan was to move forward. Despite the assassination of the Kremlin-backed Chechen President Akhmad Kadyrov on May 9, 2004, by a rebel force, the reconciliation process continued. Putin's representatives in the republic have continuously worked with their Chechen coun-

terparts on a draft treaty that will hopefully spell out the terms to which the two entities can agree. In 2005, a document was produced listing six main concessions to be implemented by the Russian authorities including the following: (1) granting the republic the status of a region of intense development for the next ten years, which will give Grozny exclusive rights to land and mineral resources; (2) all taxes collected will be transferred to the republic's budget; (3) residents in Chechnya will receive free electricity and gas; (4) the republic's coffers will receive an annual transfer of three billion rubles; (5) Russian intervention in domestic affairs is forbidden; (6) and the survivors of the Chechen deportation under Stalin will receive 720,000 rubles each as compensation.<sup>51</sup> Although this pack-

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age is viewed by many as excessive, and regardless of the fact that there will undoubtedly be an intense session of debate on the final version of the draft treaty, it is important, for now, that the two sides are negotiating.

The outline of the draft document between Russia and Chechnya shows that the lessons from Tatarstan and Dagestan are beginning to be applied. This process has the potential to show that Moscow has the ability to make concessions if its interests are not

undermined. These lessons show that if Chechnya is going to be successfully incorporated into the federal system, political, legal, and economic asymmetry needs to persist in the long term. Furthermore, “. . . its political importance was overwhelming; as a document signed by Mr. Putin and Mr. Alkhanov [it] sealed the republic’s right to differ from the other members of the Russian Federation.”<sup>52</sup> This decision by the federal authorities to sign on to the treaty may have a highly positive influence on the attitude of the average Chechen citizen and prove to them the necessity of the economic and political benefits the federal system can provide. As the people begin to experience the benefits of Russian incorporation the vestiges of asymmetry can slowly be removed; however, this process may take several decades and must persist for the foreseeable future.

### **Conclusions and Lessons for State-Building**

The historical process by which asymmetry came to dominate the relationship with Moscow in Tatarstan, Dagestan, and Chechnya presents many lessons for the broader topic of state-building. As Michael Thumann demonstrates, this process is not fought solely in the political arena. Rather, his presentation of several examples cites the violence between the Chechens, Komis and Yakuts, and the federal government.<sup>53</sup> Nonetheless, arguably the most important lesson in the successful peaceful incorporation of all these ethnically diverse regions within the Russian Federation is the continued attempt to improve the citizenry’s economic well-being. Tatarstan and Dagestan demonstrate how political and economic incentives can be used to pacify a potentially rebellious region. Donna Bahry claims “. . . the center’s inability to mount effective economic policies would strengthen the local case for defection. Compliance with the center’s rules would be irrelevant.”<sup>54</sup> The concept of the Nash equilibrium has played and will continue to play a dominant role in Moscow’s strat-

egy toward potentially wayward regions. This concept argues that past historical differences can be overcome if the central government contributes to the resolution of economic crises and greater gains are perceived in the minds of the citizenry. At this point individuals will adhere to a continued pattern of behavior since deviation will undoubtedly make the individual worse off.<sup>55</sup> Essentially, there is no practical motivation for defection from the regime because in doing so one's economic climate could degenerate.

The Kremlin has learned that certain payoffs are needed to fend off the threat of independent-minded elites in the regions;—whether they be appointments within the federal bureaucracy, such as the right for each of the constituent presidents to influence who has a seat on the Federation Council in the upper house of the national parliament, or in the form of economic concessions, such as the ability to control certain elements of local mineral wealth. However, this is only the first step; to undercut the threat of secession from below, the Kremlin should not only work to bolster the elites but also cultivate local self-government and the inclusion of all levels of society in economic projects. The central government must present itself as the apex of the economic and fiscal chain of command and demonstrate its ability to produce tangible benefits for the vast majority of society.

The main conclusion drawn from this article is that when attempting to bring in different ethnic minorities that are geographically homogeneous and numerous, asymmetry is needed. However, to stave off envy and hatred from the dominant ethnic group, massive legal and budgetary asymmetry cannot persist. A move toward harmonization of these laws is needed if the country is going to function uniformly and be governed coherently. Still, sufficient leeway needs to be granted through this bargaining process to these areas to provide the necessary carrots to convince the people they are better off belonging to the system. From here the state can begin to reassert control—knowing that even though the locals might protest at the reassertion of central power they will not choose to separate for fear of economic deprecation.

In a case as diverse as the Russian Federation, there is no perfect remedy available that allows for a complete horizontal application of laws and regulations. There will always have to be small adaptations in both legal and budgetary spheres to allow for local and regional concerns. Allowing self-governance at the local level and bringing the people into the formal economy, federalism in the Russian Federation can work to build the nation from both above and below. By redirecting the reform process toward slow adoption within the areas of most extreme concern, the federal government can slowly remove the roadblocks to easing these republics into a united state.

### NOTES

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