

Russia's Path to a New Regional Policy

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October 2000

Policy Memo 157

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In August 1990 Boris Yeltsin traveled to Kazan, the capital of Tatarstan, to urge the local authorities to "take as much autonomy as you can swallow." Ten years later, newly elected President Vladimir Putin visited the same city during a festival and dunked his head into a bucket of fermented mare's milk as part of a local folk ritual. But he wasn't swallowing any of his predecessor's pro-autonomy rhetoric. Propelled into office by popular support for revival of the war against the separatist republic of Chechnya, Putin pledged from the start to bring the rest of the regions into line as well. Although a noticeable departure from Yeltsin's *laissez-faire* approach, Putin's intention to strengthen the center at the expense of the regions is hardly unprecedented. His views are consistent with those of most of the prime ministers who served under Yeltsin and of national political leaders across the spectrum. Will Putin's attempts at reforming center-regional relations succeed where theirs failed? Although it is too early to make any confident predictions, we can at least try to identify the factors that will influence the outcome of Putin's reforms.

Yeltsin's Legacy

Ten years ago Yeltsin was president of a Russian republic still formally part of the Soviet Union. He seemed so intent on rattling his rival, Soviet President Mikhail Gorbachev, that he was willing to fan the flames of separatist sentiment in order to do so. Once he had contributed to the destruction of the Soviet Union and emerged as leader of an independent Russia, Yeltsin still faced serious political opposition--this time from the Russian parliament. In October 1993 he disbanded the parliament by military force and then sought to remove regional leaders who had supported the opposition. But overall his message to the regions, especially those that had remained loyal, only served to encourage their aspirations for further autonomy. He acknowledged that "the government has no coherent regional policy." In the face of a weak state, "the regions have to deal with their own problems on their own, by, among other things, raising their own status." Yeltsin's approach led to a situation of "asymmetrical federalism," with regions seeking to establish special privileges vis-à-vis the central government, particularly in the realm of tax collection, control and sale of natural resources, and regional electoral laws that heavily favored incumbents.

Political and Economic Factors

Yeltsin's indulgence of the regions, especially the ethnic republics (with the glaring exception of Chechnya), owed less to ideological conviction than to political and economic expediency. He turned a blind eye to regional leaders who engaged in fraud and other undemocratic means to maintain their power (such as Magomedali Magomedov of Dagestan), as long as those leaders supported Yeltsin's own political aspirations--particularly his re-election campaign in 1996. Under Yeltsin the federal government signed "treaties" with many of the 21 ethnically defined and self-styled sovereign republics to govern matters such as taxation and trade that normally would have fallen under the purview of routine domestic legislation. Moscow's concessions to rich industrial powerhouses such as Tatarstan and Bashkortostan seemed driven by weakness. It was deemed better to give them some benefits than to risk provoking further separatist tendencies; better to allow the relatively wealthy "donor" regions to keep a substantial portion of their tax revenues than to risk receiving none to redistribute among the vast majority of poorer regions--particularly if the central government lacked the means for efficient taxation.

Political and economic incentives motivated the regional leaders as well in their contribution to the evolution of asymmetric federalism. Figures such as Tatarstan's president Mintimer Shaimiev used the threat of radical separatism to extract more resources from the center and used those resources to buy off the separatist opposition. The ambiguous status of Tatarstan bolstered Shaimiev's own personal political position. In the wake of the August 1998 financial crisis, Tatarstan sought to improve its relations with the center; the republic's representatives in Moscow seemed committed to working with the government, for example, to reconcile important discrepancies between the constitutions of the Russian Federation and the Tatar Republic. At the same time, Shaimiev began to reveal ambitions for a national political role as a leader of the Fatherland-All Russia bloc. An independent Tatarstan would hardly serve those ambitions.

Whatever conciliatory effect the August crisis had on formerly recalcitrant regions, it was not enough to satisfy central government officials. In September 1998, newly appointed prime minister Yevgeny Primakov insisted that his "government must first and foremost pay special attention to preserving Russia as a single state... We are facing a serious threat of disintegration of our country." In January 1999, anticipating the language that Putin would use just months later, Primakov called for the "restoration of the vertical state power structure, where all matters would be solved jointly by the center and local authorities" and insisted that separatist trends "must be quelled, liquidated, and uprooted." Primakov did not remain in office long enough to carry out that agenda. It was left to his successor, Vladimir Putin, to relaunch a brutal war against Chechnya in August 1999, and, once elected president in March 2000, to begin an ambitious reform of center-regional relations.

Putin's Project

Putin enunciated several goals for his reform: to bring regional laws into compliance with federal legislation and the Russian Constitution; to provide for impeachment of regional leaders who abused their power; to effect a redistribution of tax revenues to favor poorer regions, by revoking the special tax status of many of the republics; to limit the regions' ability to conduct foreign trade independently of Moscow and to solicit foreign credits; and to reform the Federation Council, the upper chamber of the parliament, where most of the regional leaders sit (along with representatives from regional legislatures). Putin wanted especially to remove governors and republic presidents from the Federation Council, not least so that they would lose the parliamentary immunity that protected them from the law.

The initiative that created the biggest impression was Putin's presidential decree of May 2000. It established seven federal districts among which all of the 89 "subjects" of the Russian Federation would be divided. The seven districts have designated capital cities which serve as the bases for the president's "plenipotentiary representatives" and their staffs. The districts include: Central (Moscow); Northwest (St. Petersburg); North Caucasus, also referred to as South (Rostov-on-Don); Volga (Nizhny Novgorod); Urals (Ekaterinburg); Siberia (Novosibirsk); and Far East (Khabarovsk). The new districts correspond fairly closely to the economic regions known as "associations of economic cooperation," but even more closely with the country's military districts--with only a couple of capital cities and some minor territories differing.

Proposals for replacing the system of ethnic-territorial divisions that characterized both the old Soviet Union and the present Russian Federation have been around for some time. Perhaps the best known one came nearly a decade ago from the fascist politician Vladimir Zhirinovskiy, who suggested a return to the tsarist system of *gubernii* (provinces). Democratic political figures, such as the late Galina Starovoitova, were also sympathetic to proposals to reorganize Russian political divisions to de-emphasize the ethnic factor--although she eventually came to believe that such a reform would be impossible to implement.

Zhirinovskiy has claimed that Putin's decree coincides exactly with what he had proposed, but in fact the president's plan differs in a key respect: the new federal districts do not replace the existing 89 subjects of the Federation, but rather impose an additional layer of administration between them and the central government in Moscow. Nevertheless, the resemblance to the tsarist model has captured the imagination of many commentators, who refer to Putin's presidential representatives in the prerevolutionary nomenclature as "governors-general." Other observers are more cynical, maintaining, as *The Economist* quoted one from Bashkortostan, that "the decree just creates one more bureaucracy with thousands more employees."

Reactions from the Regions

Regional leaders responded to Putin's initiatives in various ways, depending apparently on the same sorts of economic and political considerations that had influenced their behavior during the Yeltsin years. Many were understandably unnerved at the prospect of losing parliamentary immunity, as anticipated in Putin's proposal for reform of the Federation Council. Concern for maintaining their own personal political status seemed to loom large in their calculations--as Putin evidently recognized.

Political Calculations

Many governors claimed to favor giving the central government the power to appoint regional leaders, presumably hoping that their support for such an initiative would secure their own reappointment. But Putin rejected this option. As he put it, "I have thought and still think that the heads of the constituent members of the federation must be elected by popular vote. This practice is already in place. It has become a part of our democratic state system."

Even if he chose not to give himself the power to appoint regional leaders, Putin found other ways to reward his favorites. On April 26, 2000, a month after his election victory, Putin presented awards to twelve regional leaders. Why were these particular leaders chosen? The official justification referred to their "significant contribution to the social and economic development" of their regions. Observers immediately noted, however, that "all of the regions have at least one thing in common" (as a Radio Free Europe/Radio Liberty reporter put it): Putin received more than 51% of the vote in each of the regions in the previous month's presidential election (the only exception was one region where he drew 49.5%). An investigative report in the *Moscow Times* in September revealed that several regions had engaged in electoral fraud of various kinds--presumably with the complicity of regional leaders--in order to bolster Putin's chances of winning in the first round.

Because Putin's specific proposals were not always announced in advance, some regional leaders found it difficult to calculate their best course of action. President Shaimiev of Tatarstan, for example, initially welcomed the plan for seven federal districts because he reportedly expected to be named head of the Volga district, in return for not running for a third presidential term (and thereby risking a violation of the Russian Constitution). He resisted the reform of the Federation Council until it was clear that the regional governors and presidents expelled from that body would find a new home in the State Council (and presumably keep their Moscow apartments and chauffeurs). Putin invited all 89 regional leaders to join the new body, making some observers wonder if he were not just recreating the Federation Council. But Putin made clear that the State Council would have only consultative status and would meet only four times a year. Shaimiev, while claiming to support the creation of the new body, vowed to push for constitutional amendments to grant the State Council "real powers."

Regional leaders such as Shaimiev were reassured when it became clear that the State Council would have a small presidium consisting of representatives of the seven federal districts, and that the presidium would meet every month. Putin cleverly chose some of the most skeptical and potentially oppositional regional leaders to serve on the first presidium: Moscow Mayor Yuri Luzhkov, St. Petersburg Governor Vladimir Yakovlev, Dagestan's Magomedov, and Shaimiev himself. Their status secured, the regional leaders emerged from the first session of the State Council with words of praise. The new organization would be "much more efficient" than the Federation Council, according to Luzhkov. Shaimiev predicted that it would be a "very serious, influential organ."

Economic Considerations

As a result of the evolution of asymmetric federalism, leaders of the ethnic republics enjoyed considerable freedom from Moscow's political scrutiny as they secured their hold on power. That hold was reinforced by whatever economic benefits they could negotiate, particularly in the realm of tax policy, control over natural resources, and foreign trade. Tatarstan and neighboring Bashkortostan are among the richest regions in the Russian Federation, thanks to substantial oil and natural gas deposits and high-technology industries inherited from the Soviet military-industrial sector. They were particularly successful in extracting concessions from Moscow that would allow them to retain much of their wealth. Putin's new regional policies threaten to undermine their achievements.

The potential for conflict over the economic implications of Putin's reforms came in September 2000 when the president revealed his budget and tax proposals. About sixteen of the poorest regions--the recipients of federal subsidies--expressed support for Putin's budget because it appears to entail a redistribution of funds in their favor. On the other hand, leaders of economically successful regions, such as Novgorod's governor Mikhail Prusak, were incensed that the government sought to revise the provision of the Tax Code that allowed for a 50/50 split in the distribution of tax revenue. Bashkortostan's leaders were even more upset. They were obliged to void previous agreements with Moscow, and, for the first time in years, turn over tax revenues to the central government; previously they had retained those funds in lieu of various payments and subsidies from the center.

As opposition mounted from the wealthier "donor" regions, Putin's finance ministry evidently began cutting side deals, making promises, for example, to St. Petersburg and Tyumen to provide additional subsidies to make up for the decline in receipt of tax revenues. Smoothing over such potential conflicts through bilateral negotiations was a hallmark of Yeltsin's regional policy, but too many exceptions of this sort could undermine the coherence of Putin's reforms.

Democracy Versus Order?

Putin's intention to rationalize the governing institutions of the Russian Federation and to bring regional laws into compliance with the constitution would seem to command widespread support. His initial appointments to the new positions of plenipotentiary

representatives have, however, caused some observers to wonder whether Putin's imposition of order will come at the expense of individual freedom and democracy. Five out of seven of the presidential representatives are former military, police, or security service officials, including KGB and Interior Ministry officers and two generals who commanded forces in Chechnya. One of the two exceptions (the other is a former diplomat) is Sergei Kiriyenko, who served as acting prime minister under Yeltsin in 1998, and before that in Nizhny Novgorod, now the center of the new Volga federal district which he heads. But even Kiriyenko has former KGB officials on his staff, including most notably Major General Marsel Gafurovich Galimardanov, who was appointed federal inspector in Tatarstan.

Many observers have speculated that the backgrounds of the people Putin has appointed (and his own experience as major general in the KGB), in combination with his own inclinations, make it likely that the president's regional reforms will favor imposition of order rather than the strengthening of democracy. For some of his supporters, this aspect of Putin's regional policy is the most attractive. In a radio interview Valery Velichko, the head of an association of former KGB officials, maintained that officers of the Federal Security Service are best suited for imposing top-down authority on the regions. They are the best hope for helping Putin establish an "enlightened autocracy" in Russia. Such a political system would be "neither the coarse militarized Communism of Pol Pot, nor the fascist or half-fascist regime of Pinochet" (although some of what is going on in Chechnya today would be familiar to the victims of those regimes).

In February 2000, then acting President Putin told Justice Ministry officials that "the only sort of dictatorship to which we must be subject is the dictatorship of law." He complained that "the system of state authority is neglected, slack and ill-disciplined," and he stressed the need to relieve popular anxiety and insecurity. "There is only one way to achieve this--by turning Russia into a strong state." Putin's commitment to a strong state has enjoyed support among most Russians, but his reference to dictatorship, even a dictatorship of law (whatever that could mean) has left others uneasy. They seem to be in the minority, however. According to public opinion polls, Russians have lately been giving clear precedence to order over freedom. At the end of May 2000, just as Putin was launching his campaign for regional reform, the All-Russia Public Opinion Center (VTsIOM) asked respondents whether it would be "to the benefit or to the detriment of Russia" if "the President gets full control of the parliament and governors and concentrates in his hands virtually unlimited power." More than half considered such a course beneficial. In April, 81% of those polled told VTsIOM that "it is more important for Russia today to bring law and order, even if it will be necessary for this purpose to encroach on some democratic principles and limit citizens' personal freedoms."

It may be that Putin's neo-tsarist/military/KGB plan for regional reform will build a strong law-governed state to protect the freedom and economic well-being of Russia's citizens. Such a state would presumably be one with which the rest of the world could peacefully coexist. But an "enlightened autocracy"--even one that avoids the extremes of Pol Pot and Pinochet--might be another matter. And an authoritarian regime that fails to bring order and peace to the fractured Russian Federation would be more worrisome still.

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