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## FEDERALISM

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## Analysis

# Russian Federalism: Can It Be Rebuilt from the Ruins?

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## Abstract

As president, Vladimir Putin sharply reduced the power of Russia's governors, removing them from the upper chamber of parliament and taking the power to appoint them, rather than letting their constituents elect them. However, these moves did not increase the governability of the regions. Minister of Regional Development Dmitry Kozak is now promoting a plan that would return considerable powers to the region. However, this plan has yet to win Kremlin endorsement and therefore has not been implemented.

## Reducing Regional Autonomy

During his presidency, Vladimir Putin repeatedly emphasized that he was the heir to a Russia that was near the point of disintegration. From the beginning, he set restoring central control over Russia's regions as his goal. His approach was to both create new political institutions, early on termed the "vertical of authority," and reduce the autonomy of Russia's governors and republic presidents. The Kremlin turned out to be much more skilled at undermining governors than creating institutions. In the process of recentralization, elements of a federal system that had been emerging under Yeltsin were deeply eroded or destroyed.

Putin's institutional innovations began with the creation of seven federal okrugs with a presidential representative (*polpred*) assigned to each. Putin's "eyes and ears in the regions" took on the job of monitoring the work of governors and the regional branches of federal agencies. The okrugs were superimposed on the existing administrative structure in an effort to improve central control and coordination, but the *polpreds'* ability to carry out this assignment was inadequate to the task.

In the ensuing years the Kremlin attempted to hamstring governors using the full range of levers at its disposal. Putin removed regional leaders from the Federation Council, the upper chamber of the Russian parliament, depriving the governors of their collective veto over federal policies toward the regions. Prosecutors were ordered to initiate criminal proceedings against a large number of governors in 2003–2004, often for relatively minor infractions, but which threatened removal and possible prison terms. Most of these cases were later dropped, though only after the Kremlin had made its point.

Perhaps most importantly, in the aftermath of the Beslan school tragedy in September 2004, Putin eliminated popular elections of governors. Starting in 2005 the president nominated governors, after which they were formally approved by regional legislatures. Many

governors were reappointed, either when their term expired or in advance, but the message that they could be removed at any time was clearly communicated. That said, the governor remains the most powerful figure in any region, and there has been no mass exodus of governors in search of more powerful or more rewarding positions. Only two governors voluntarily accepted posts in Moscow that they considered promotions: Yuri Trutnev left Perm' to oversee Russia's energy assets as minister for natural resources, while Sergei Sobianin left Tiumen' to head the presidential administration under Putin. More recently, he was named first deputy prime minister in the new Putin-led government with a wide range of responsibilities, including regional policy.

Another track for achieving recentralization was a redistribution of powers that took place in 2003–2004. Functions that had been within the purview of regional officials or shared with the center were brought under federal control. The lack of effective new institutions meant that the decision-making authority shifted by default to existing central institutions – the national ministries and their territorial representatives. Tax revenues were reallocated from the regions to the center and returned to the regions only for particular, limited purposes. Dmitry Kozak, the current minister of regional development, has estimated that the ratio of federal to regional powers over regional policy became roughly 70 percent to 30 percent. This shift was accompanied by a rapid expansion in the number of federal bureaucrats in the regions Russian Statistical Agency (Rosstat) data, while omitting many types of federal agencies in the regions such as law enforcement agencies, indicate the major trends that took place in the Putin years. End-of-the-year figures for 2001 and 2006 show the number of federal executive officials in the regions increased from 348,300 to 616,100. This growth far exceeded the number of regional-level bureaucrats both in quantity and in the rate of increase. (In 2001 the number of regional executive branch officials was 169,900; by the

end of 2006 the figure was around 200,000.) The largest increase in federal officials in the regions took place in 2005, 29.3 percent in one year.

Finally, Putin put considerable effort into creating a new, hierarchical structure for political control from the center. The Kremlin helped the United Russia (UR) party achieve a near monopoly on political activity at both the federal and regional levels. By 2007 almost all governors had joined the party, and it succeeded in gaining a sizable majority in nearly all regional legislatures. In May 2008 the last region with a non-UR majority in its legislature, Stavropol' krai, fell into line. As in other regions, this outcome was a product less of popular support for the party than of pressure on legislators to change their party affiliation.

While the creation of a political monopoly all but destroyed Russia's emerging party system, United Russia's effectiveness as an instrument of centralization was low. Only now is United Russia beginning to create what it terms a "cadre reserve" to fill the top regional posts. Governors were not governors because they were members of UR; they became members of UR because they were governors, and the Kremlin insisted that they join. The party had few tools, other than the threat of expulsion, to exercise discipline. Political power within a region resided with the governor. As the Russian political scientist and UR deputy Sergei Markov put it, "The head of the Voronezh branch of United Russia does not give orders to the governor who is a party member, it's the governor who gives orders to the head of the Voronezh branch of United Russia." Still, the relationship between governors and the Kremlin shifted dramatically in favor of the latter.

### Failure to Increase Governability

Did Putin's centralizing policies do anything to improve the governability of Russia? They certainly helped achieve the reelection of Putin to a second term in 2004, the creation of a United Russia supermajority in the Duma elections in 2003 and 2007, and the 2008 election of Putin's choice to succeed him as president, Dmitry Medvedev. Governors and republic presidents were reportedly given specific targets to meet in turnout and the percentage of the vote, and they responded with all of the instruments at their disposal.

In key respects, however, recentralization was a failure. Redistribution of budgetary funds and regional investment (the few "donor" regions providing the resources) were taking place in a context of high government revenues generated by oil prices, but the impact on regional development was negligible. The Putin years were marked by a growth in regional inequality, not its reduction. Russia has the widest gap between rich and poor regions of any developed country. In its 2007 re-

port on human development in Russian regions, the UNDP found that Moscow and oil-rich Tiumen' were at the level of the Czech Republic, St. Petersburg and Tatarstan approached Bulgaria's level of development, while the lagging regions of Ingushetia and Tuva were closer to Mongolia or Guatemala. The trend was for better performing regions to add to their relative advantage, while poor regions fell further behind. A 2008 Ministry of Regional Development (*Minregion*) report found, for example, that industrial output in the top 10 regions exceeded the bottom ten regions by 33.5 times in 2006 and 39.1 times in 2007. Poor regional investment climates were the norm. Progress in rebuilding Soviet-era infrastructure was inadequate, particularly in the poorest regions. Small business development in the same regions was stalled or deteriorating. From the standpoint of removing bottlenecks to growth and social-economic development, recentralization was not working.

The shift in functions to Moscow-based ministries produced massive coordination problems. Central funds were being allocated through Moscow-based ministries or agencies, often without taking into account regional needs. Waste and duplication in the use of federal funds, and common bureaucratic pathologies manifested themselves everywhere. A situation emerged that could be termed "dual insubordination." Ministry territorial representatives were far from Moscow, and control of subordinates was weak. Lack of formal subordination to governors meant they were often free to do as they chose, and that had little to do with regional interests. (Not coincidentally, the Putin era was marked by a major increase in corruption in the regions.) The result was a situation where governors were now appointed by Putin, but he had taken away from them ultimate responsibility for much that went on in their regions.

### A New Round of Reforms

It is to Putin's credit that he sought a change that would address these problems. Late in his second term, he brought back to Moscow his close adviser Dmitry Kozak, who had been serving as polpred in the southern okrug. (After Beslan, Kozak had been sent to try to restore stability in the region, which includes the troubled North Caucasus republics.) In September 2007 Kozak was named Minister of Regional Development and given a major role in designing a new policy toward the regions. Kozak's three years in Russia's south gave him new insights on how recentralization worked in practice. In speeches and interviews Kozak argued that recentralization had gone too far and that a fundamental change in regional policy was needed.

While he avoided using the term federalism, in fact Kozak's proposals called for a new relationship between center and regions that would strengthen governors at

the expense of federal ministries. The preference would be for decisions to be made at the lowest possible level, and this would apply as well to municipal authorities, who would become less dependent on governors.

The new approach represents a return to decentralized governance of regions with the main emphasis on economic performance. The federal role would be limited to law enforcement and establishing the “rules of the game” in the regions. Such an approach would include, for example, antimonopoly regulation and financial monitoring. In the most radical interpretation of Kozak’s program, most federal agencies in the regions would be dissolved, and regions would take over the day-to-day regulation of economic activity. Federal entities, such as Minregion and the Ministry of Economic Development, would award investment funds based on regional investment proposals in order to avoid duplication and encourage a division of labor among regions. It is in this context that Kozak has talked about the creation of ten “macroregions” in order to view territorial economic plans from a broader perspective. Governors would have much more flexibility in setting economic priorities, infrastructure policy, and establishing a favorable investment climate. Budgetary funds would go directly to regional and local governments for these purposes, and the most successful reformers would be rewarded with financial incentives for their regions.

#### *About the author*

Darrell Slider is Professor of Government and International Affairs at the University of South Florida (Tampa). He is currently conducting research in Moscow.

#### *Recommended Reading*

- Darrell Slider, “Putin’s Southern Strategy: Dmitriy Kozak and the Dilemmas of Recentralization,” *Post-Soviet Affairs*, v. 24, no. 2 (April–June 2008), pp. 177–197.
- United Nations Development Program, *National Human Development Report Russian Federation 2006/2007 Russia’s Regions: Goals, Challenges, Achievements* (2007).
- *Trud i zaniatost’ v Rossii 2007 g.*, Moscow: Rosstat, 2008.
- Ministry of Regional Development, *Osnovnyye tendentsii razvitiia regionov Rossiiskoi Federatsii v 2006–2007 godakh (sbornik materialov)*

There has been virtually no public discussion of resuming popular election of governors. Governors would apparently be accountable only to the center, not to voters. Kozak’s plan entails the use of statistical indicators to assess the performance of regional leaders. Expectations would be higher for regions that received greater assistance from the center—the poorest, most “economically depressed” regions. They would be expected to produce jobs, housing, increased investment, and small business development at a rate higher than the Russian mean. If they fail, not only would the region risk losing budgetary incentives, but governors could expect to lose their posts.

Kozak first detailed his proposals in October 2007, but to date his new regional policy has not received final endorsement by the Kremlin and Putin’s government. It still requires a legislative foundation. One can assume that most ministries will attempt to block any change in their regional functions. But in his favor, Kozak’s initiative coincides broadly with the priorities that Dmitry Medvedev has promoted from the start of his presidency. Radical administrative reform in the regions would be consistent with reducing corruption and lowering the barriers to small business that are impeding Russian economic development.

## List of Regional Leaders (Governors) as of June 2008

Table

Region	Name	Since ...	Regional leader	To...	Political affiliation
Adygeia	Aslan Tkhakushinov	13 January 2007		January 2012	United Russia
Altai (Republic)	Aleksandr Berdnikov	20 January 2006		January 2010	United Russia
Altai (Region)	Aleksandr Karlin	25 August 2005		August 2009	United Russia
Amur	Nikolai Kolesov	1 June 2007		June 2011	United Russia
Arkhangelsk	Ilya Mikhalechuk	14 April 2008		April 2012	United Russia
Astrakhan	Aleksandr Zhilkin	5 December 2004		December 2009	United Russia
Bashkortostan	Murtaza Rakhimov	6 April 1990		October 2011	United Russia
Belgorod	Yevgenii Savchenko	October 1993		June 2012	United Russia
Bryansk	Nikolai Denin	26 December 2004		October 2012	United Russia
Buriatia	Vyacheslav Nagovitsyn	10 July 2007		July 2012	United Russia
Chechnya	Ramsan Kadyrov	5 April 2007		April 2011	United Russia
Chelyabinsk	Pyotr Sumin	22 December 1996		April 2010	United Russia
Chuvashia	Nikolai Fedorov	26 December 1993		August 2010	United Russia
Chukotka Autonomous Region	Roman Abramovich	24 December 2000		October 2010	United Russia
Dagestan	Mukhu Aliev	20 February 2006		February 2010	United Russia
Ingushetia	Murat Zyazikov	28 April 2002		June 2010	United Russia
Irkutsk	Igor Yesipovskii (temporary acting governor)	15 April 2008		-	United Russia
Ivanovo	Mikhail Men	23 December 2005		December 2010	United Russia
Jewish Autonomous Region	Nikolai Volkov	14 December 1991		February 2010	United Russia
Kabardino-Balkaria	Arsen Kanokov	28 September 2005		September 2010	United Russia
Kaliningrad	Georgii Boos	28 September 2005		September 2010	United Russia
Kalmykia	Kirsan Ilyumzhinov	11 April 1993		October 2010	United Russia
Kaluga	Anatolii Arramonov	12 November 2000		June 2010	United Russia
Kamchatka	Alexei Kuzmitskii	1 July 2007		June 2012	United Russia
Karachaev-Cherkessia	Mustafa Batdyev	31 August 2003		August 2008	United Russia
Karelia	Sergei Katanandov	26 April 1998		March 2011	United Russia
Kemerovo	Aman-Geldy Tuleyev	1 July 1997		April 2010	United Russia
Khabarovsk	Viktor Ishayev	24 October 1991		July 2011	United Russia

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List of Regional Leaders (Governors) as of June 2008 (continued)

Region	Name	Regional leader		Political affiliation
		Since ...	To...	
Khakassia	Alexei Lebed	22 December 1996	January 2009	United Russia
Khanty-Mansiisk Autonomous Region	Alexander Filipenko	18 December 1991	February 2010	United Russia
Kirov	Nikolai Shakleyin	21 December 2003	December 2008	United Russia
Komi	Vladimir Torlopov	16 December 2001	January 2011	United Russia
Kostroma	Igor Sliuninaev	25 October 2007	October 2012	United Russia
Krasnodar	Alexander Tkachev	3 December 2000	April 2012	United Russia
Krasnoyarsk	Alexander Khloponin	22 September 2002	June 2012	United Russia
Kurgan	Oleg Bogomolov	8 December 1996	December 2009	United Russia
Kursk	Aleksandr Mikhailov	5 November 2000	March 2010	United Russia
Leningrad (area around St. Petersburg)	Valerii Serdyukov	19 September 1999	July 2012	United Russia
Lipetsk	Oleg Korolev	12 April 1998	June 2010	United Russia
Magadan	Nikolai Dudov	16 February 2003	February 2013	United Russia
Mari El	Leonid Markelov	4 January 2001	January 2010	United Russia
Mordovia	Nikolai Merkulshkin	22 September 1995	November 2010	United Russia
Moscow (City)	Yurii Luzhkov	12 June 1992	July 2011	United Russia
Moscow (Region)	Boris Gromov	9 January 2000	May 2012	United Russia
Murmansk	Yurii Yevdokimov	1 December 1996	February 2012	United Russia
Nenets Autonomous Region	Valerii Potapenko	7 August 2006	August 2010	United Russia
Nizhnii Novgorod	Valerii Shantsev	8 August 2005	August 2010	United Russia
North Ossetia - Alania	Taimusar Mamsurov	7 June 2005	June 2010	United Russia
Novgorod	Sergei Mitin	7 August 2007	August 2012	Just Russia
Novosibirsk	Viktor Tolokonskii	9 January 2000	July 2012	United Russia
Omsk	Leonid Polezhayev	11 November 1991	May 2012	United Russia
Orenburg	Alexei Chernyshev	26 December 1999	June 2010	United Russia
Orel	Yegor Stroyev	11 April 1993	April 2010	United Russia
Pensa	Vasilii Bochkarev	12 April 1998	May 2010	Just Russia
Perm	Oleg Chirkunov	1 December 2005	December 2010	Just Russia

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List of Regional Leaders (Governors) as of June 2008 (continued)

Region	Name	Since ...	Regional leader		Political affiliation
			To...	To...	
Primorye	Sergei Darkin	17 June 2001		February 2010	United Russia
Pskov	Mikhail Kuznetsov	17 December 2004		December 2009	United Russia
Rostov	Vladimir Chub	29 September 1996		June 2010	United Russia
Ryazan	Oleg Kovalev	12 April 2008		April 2013	United Russia
St. Petersburg	Valentina Matviyenko	5 October 2003		December 2011	United Russia
Samara	Vladimir Artiakov	29 August 2007		August 2012	United Russia
Sakha (Yakutia)	Vyacheslav Shityrov	13 January 2002		January 2012	United Russia
Sakhalin	Alexander Khoroshavin	11 August 2007		August 2011	United Russia
Saratov	Pavel Ipatov	5 April 2005		April 2010	United Russia
Smolensk	Sergei Antufyev	24 December 2007		December 2010	United Russia
Stavropol	Valerii Gayevskii	23 May 2008		May 2012	United Russia
Sverdlovsk	Eduard Rossel	13 August 1995		November 2009	United Russia
Tambov	Oleg Betin	27 December 1999		July 2010	United Russia
Tatarstan	Mintimer Shaimiyev	1989		March 2010	United Russia
Tomsk	Viktor Kress	17 December 1995		March 2012	United Russia
Tula	Vyacheslav Dudka	29 April 2005		April 2010	United Russia
Tver	Dmitrii Zelenin	December 2003		July 2012	United Russia
Tyumen	Vladimir Yakushev	24 November 2005		November 2010	United Russia
Tyva	Sholban Kara-ool	6 April 2007		April 2012	United Russia
Udmurtia	Alexander Volkov	April 1995		March 2009	United Russia
Ulyanovsk	Sergei Morozov	December 2004		April 2011	United Russia
Vladimir	Nikolai Vinogradov	8 December 1996		March 2009	Communist
Volograd	Nikolai Maksyuta	29 December 1996		December 2009	Communist
Vologda	Vyacheslav Posgalev	6 October 1996		June 2012	United Russia
Voronezh	Vladimir Kulakov	24 December 2000		March 2009	United Russia
Yamalo-Nenets Autonomous Region	Yurii Neelov	16 March 2005		March 2010	United Russia
Yaroslavl	Sergei Vakhrukov	25 December 2007		December 2012	United Russia
Zabaikalye	Ravil Geniatulin	1 February 1996		March 2013	United Russia

## Analysis

# Russian Territorial Reform: A Centralist Project that Could End Up Fostering Decentralization?

By Julia Kuszniir, Bremen

## Summary

At the beginning of 2000, the federal government initiated a new reform redefining Russia's internal boundaries as part of the Kremlin's ongoing campaign to simplify the country's administrative-territorial divisions and to further tighten federal control over regional budgets and administration. However, recent events have shown that the program of merging existing territorial units has not followed the course which the centre expected. The Kremlin's attempts to pressure the regions to speed up the process have often caused the parties to harden their positions. The outcome of the process remains unclear. Centralization could continue, leading to the creation of a unified state; alternatively, key regional leaders who command powerful regions might find themselves strengthened, the very opposite of what the Kremlin had originally intended.

## Putin's Territorial Reform Plan

Within the framework of a larger effort to limit the regions' political authority, President Vladimir Putin's advisors developed plans to reduce the number of the existing 89 regions to between 40 or 50. The official justification for the planned amalgamation was the presence of legal, political and economic contradictions within the regions to be merged. In addition, Putin's team thought that reducing the number of regions would be a useful way to increase the competence of the regional leadership and bring the regional elite more closely in line with Kremlin priorities. Moreover, the plan sought to reduce the number of "poor" regions that received subsidies from the federal budget. The idea seemed to be to reduce the burden on the federal budget by offloading the responsibility for providing subsidies to underdeveloped areas onto neighboring rich regions.

In 2001, the federal government began to implement the project of amalgamating Russia's regions. Putin's team was above all concerned with the regions with a so-called "complex structure" that were created at the beginning of the 1990s. In defiance of logic, these regions contained within them autonomous districts which had the status as equal and independent regions. This "matryoshka-model" of regions within regions applied to nine of the ten autonomous districts in Russia. The legal position of the autonomous districts (*avtonomnye okrugi* – not to be confused with autonomous republics or autonomous administrative areas) is one of the most complicated issues in Russian federalism. They were created in the 1920s and 1930s along ethnic criteria, above all for the numerous ethnic groups in the north of Russia. At the beginning of the 1990s, they began to extend their decision-making authority. In 1992, autonomous districts gained the sta-

tus of regions on an equal footing with other regions; they won representation in federal politics and possessed their own budget. At the same time, they could remain a part of another region, in the form of a *krai* or an *oblast*. The constitution of 1993 (articles 5 and 66) confirmed this dual status.

As a result, the population of the autonomous districts elected its own regional parliament, but also took part in the parliamentary elections of the surrounding region. However, only the autonomous regions' parliaments possessed legislative authority on their territory. The population of the autonomous region could therefore send representatives to the regional parliament whose decisions did not affect them. At the same time, neither the division of authority between the autonomous districts and the surrounding regions, nor the possibility of separation was clearly defined. This ambiguity resulted in acrimonious conflicts between the autonomous districts and the surrounding regions, which often required Constitutional Court intervention. In 1993, the Constitutional Court allowed the Chukotka autonomous district to leave the Magadan region. In 1997, it also resolved a power-sharing dispute between the Tyumen region and the two autonomous districts on its territory.

The governors of the larger regions into which the smaller ones would be merged backed Putin's plans, while many of the governors who would lose their jobs initially opposed them. The "winning governors" hoped, on the one hand, to increase the size of their regions and, on the other, to secure for themselves additional subsidies from the federal budget, while also acquiring the opportunity to participate in the large investment projects in the area. Economic factors played an important role in this process because five of the affected



autonomous districts are rich in natural resources: The Yamal-Nenets autonomous district provides much of Russia's natural gas; the Taimyr and Evenk autonomous districts are the leading sources of precious and non-ferrous metals; the Koryak autonomous district is the second largest source of platinum, while the Khanty-Mansii autonomous district supplies half of Russia's oil reserves.

In 2001, the president signed a federal law regulating the procedure for creating new regions consisting of the following steps: First, the regional administrations affected had to sign an agreement on a common administrative structure and regional policy. If the president approved of the merger, it has to be ratified by a referendum in the regions to be combined. If all of these vote in favor, the President refers the proposal, in the form of a constitutional law, to the federal parliament. Once the law has been passed, the merger can take place. To ensure that the process proceeds smoothly, the federal government provides subsidies for a transition period. This support is supposed to smooth over any possible social and economic repercussions of the merger. The length of the transitional period is laid down in the constitutional law and lasts, on average, about three years.

### The Current State of the Proposals to Merge the Regions

To date, the federal government has worked out six merger projects: (1) Perm Region with the Komi-Permyak autonomous district; (2) Krasnoyarsk territory with the Taimyr and Evenk autonomous districts; (3) Kamchatka region with the Koryak autonomous district; (4) Irkutsk region and the Ust-Ordyn Buryat autonomous district (5) Chita region with the Agin-Buryat autonomous district, and (6) Tyumen region with the Khanty-Mansii and the Yamal-Nenets autonomous districts. The first five projects have been implemented, resulting in the abolition of a total of six autonomous districts (see Table 1 on p. 11). As a consequence, the number of subjects of the Russian Federation has been reduced from 89 to 83.

Despite this progress, the Kremlin's regional merger plans have met with considerable resistance and are proceeding slowly. In particular, the governors of the economically-powerful autonomous districts opposed the mergers. The project only began to move forward when the Kremlin took on additional powers vis-à-vis the regions, including the right to appoint governors and new means for exerting pressure through revised methods of redistributing income among the regions. The Tyumen Region best illustrates these problems. This region is one of the most economically powerful in Russia. The Yamal-Nenets and Khanty-Mansii

autonomous districts provide 91 percent of Tyumen's gross regional product and 97 percent of its industrial production. The districts also outperform Tyumen region proper in other important economic indicators, for example investment or per capita income. At the same time, Tyumen region has more political power: It has had close links to the Kremlin ever since the 2001 gubernatorial elections brought Sergei Sobyenin to power. He was subsequently appointed head of the presidential administration and now plays an important role under Prime Minister Putin. Tyumen has, accordingly, sought the support of the centre for its plan of subsuming the two autonomous districts. The talks between the three regions' administrations on their amalgamation started in 2002. However, they were repeatedly stalled by the autonomous districts. Finally, in June 2004, a compromise was found in the form of an agreement defining the separate spheres of authority. The agreement guarantees the autonomous regions a great deal of autonomy until 2009.

### A Critical Assessment

It is too early to say whether the mergers have been beneficial for all parties involved. Only in the Perm region has the transitional period, during which financial security was guaranteed by the federal centre, come to an end. We must wait until the various regions have stood on their own feet for a few years before it is possible to see the effects. However, recent events have shown that the program of mergers has not followed the course which the centre expected. The Kremlin's attempts to pressure the regions to speed up the process have often caused the various parties to harden their positions.

The main obstacle is that a number of issues still have not been defined: There are no guidelines setting out in which cases mergers are desirable; there is no clear developmental program for the newly-merged regions, and there are no clear criteria by which the federal centre can measure the benefits of the projects. The federal authorities cannot come to an agreement in many areas. Accordingly, the federal government leaves it to the regional elites to find solutions for the resulting problems and conflicts. The political authority of the governors, their position in the region and their leeway for negotiation vis-à-vis the centre are very important here. Consequently, the centre had to increase considerably the funds promised to the merging regions, making this project an expensive undertaking for the federal budget.

At the same time, there are no guidelines from the centre regulating the financial relationships within the new regions. The abolition of the district budget and the transfer of the funds in question to the regional budget, as well as the financing of the municipalities

in the autonomous districts, are negotiated bilaterally in each case. Through the redistribution of regional funds, the financially weak autonomous districts disappear as an effect of the amalgamation. Whether the new regions can or want to compensate for the underlying social weaknesses of these areas with their own funds is questionable.

A further problem is the Kremlin's concentration on the political aspect of the mergers. The aim is, above all, to remove the autonomous districts as centers of political power in order to reorganize the redistribution of regional funds. The economic, social and ethnic aspects of the amalgamation project have, in contrast, barely received any attention. This focus on the political concentration of power creates the risk that the autonomous districts might be economically and socially neglected. Moreover, the ethnic minorities, who were guaranteed political representation in the autonomous districts, have not been granted such rights in the merged regions.

Because the Kremlin requires the support of the regional elites for the mergers, but has only provided limited incentives to achieve this goal, the merger process is progressing slowly. At the moment, new initiatives are typically coming from influential governors who want to expand their regions. The 2001 law provides the basis for these regional initiatives. Kemerovo Governor Aman Tuleev would like to merge his region with the neighboring Altai Republic and Altai Territory. Moscow Mayor Yuri Lushkov suggested merging Moscow city and Moscow region. St. Petersburg Governor Valentina Matvienko strongly supports merging her city with Leningrad region to form a Baltic Territory (Baltiyskiy krai). The representatives of the national republics are also putting forward suggestions on possible combinations, for example the proposal by representatives of the Chechen Republic to merge with the Stavropol Territory to create a republic. In these cases, however, there is no support from the Kremlin, where there seems to be a fear that the creation of strengthened mega-regions will undermine the center's power and the territorial integrity of Russia.

Kremlin spokesmen have responded to the governors' proposals by claiming that the process of amalgamation has exhausted itself. They have come up with new plans to ensure the power of the federal government. These plans focus less on politics and more on economics. At the beginning of 2008, Dmitrii Kozak, the minister of regional development, presented a concept for Russia's long-term development. According to

his vision, there will be no changes to the regions themselves, but ten macro-regions, made up of the existing regions and each specializing in an area of economic activity, will be created. They will not compete with the seven presidential federal districts. The Ministry of Regional Development will appoint the heads of the macro-regions. The macro-regions will develop their own programs of investment, for which they will receive subsidies and tax breaks from the federal government. The governors of the regions within the macro-regions will participate in these projects, thereby granting them greater authority in the economic sphere, but also placing upon them more responsibility in that the receipt of further funds and authority will depend on their success. The Ministry of Regional Development will work out the criteria governing the creation of macro-regions and measuring the performance of the regional governors.

Kozak has argued that his project possesses no political goals. Nevertheless, its successful implementation would grant the federal government greater political power because it would receive the right to grant investment programs and financial subsidies. Moreover, it would shift the balance of power within the federal government. The creation of the macro-regions would weaken the authority of the president's representatives in the federal districts, shifting influence from President Dmitrii Medvedev to Prime Minister Vladimir Putin via the regional governors. The plan has therefore come in for criticism from many quarters, including both federal ministries and regional governors, who see it as a threat to their spheres of authority.

These reforms could go in a number of directions. It is possible that the process of centralization will continue unchecked, finally leading to the creation of a unified state. Alternatively, the regional elites might be able to resist the federal government; the reforms will remain a façade behind which the politics of the regions will continue as usual, albeit within a slightly modified framework. There is also a less likely scenario whereby the federal government, with or without the support of the regional elites, does genuinely reform the federal system. However, as recent experience has shown, neither the federal government nor the regional governors really want this; anyway, such a reform could only be achieved after long and difficult negotiations. Much will also depend on how power within the federal government is distributed between the offices of the president and the prime minister.

*Translated from the German by Christopher Gilley*

#### *About the Author*

Julia Kusznir is a researcher at the Research Centre for East European Studies at the University of Bremen. One of her major research interests is Russian federalism and the representation of economic interest groups in the politics of post-socialist countries.

*Recommended Reading*

- Paul Goode, Rossiia pri Putine: ukрупnenie regionov, *Logos*, Vol. 46, 1/2005, pp. 172–212, <http://www.ruthenia.ru/logos/number/46/06.pdf>
- Natalia V. Zubarevich, Obedinenie avtonomnykh okrugov: preimushchestva i riski, Nezavisimyi Institut sotsialnoi politiki. [http://atlas.socpol.ru/overviews/social\\_sphere/ukr.shtml](http://atlas.socpol.ru/overviews/social_sphere/ukr.shtml)

**Table 1 : Overview of the Completed Amalgamations**

	Regions	Process of merging
1	The Perm region and the Komi-Permyak autonomous district	The treaty on the amalgamation of these two subjects was signed in February 2003 by Perm Governor Yurii Trutnev and Komi-Permyak autonomous district Governor Gennadii Savelyov and approved two months later by President Putin. On 7 December 2003, a referendum with a high turnout was conducted in both subjects in which the merger was approved by a large majority. On 1 December 2005, Perm Territory was created on the basis of a federal law.
2	Krasnoyarsk territory with the Taymyr and Evenk autonomous districts	Negotiations between representatives of the Federal government and representatives of the administrations of these subjects began at the end of 2003 and were concluded in September 2004 with the signing of a treaty between the governor of Krasnoyarsk region, Alexander Khloponin, and the governors of the Taymyr and the Evenk autonomous districts, Oleg Budargin and Boris Zolotaryov. On 17 April 2004, the overwhelming majority of the population of the three regions voted for the merger of the administrative regions. Officially, the new region came into being as Krasnoyarsk Territory on 1 January 2007.
3	Kamchatka region with the Koryak autonomous district	The first negotiations began in early 2005 between representatives of the administrations of both regions with the direct participation of representatives of the federal government; these negotiations came to a close in May 2005 when the governor of Kamchatka, Mikhail Mashkovtsev, and the governor of the autonomous district, Oleg Kozhemyako, signed the merger treaty. The 23 October 2005 referendum in both regions resulted in a large majority in favor of amalgamation. The new region came into being as Kamchatka Territory on 1 July 2007.
4	Irkutsk region and the Ust-Ordyn Buryat autonomous district	In October 2005, Aleksandr Tishanin, the governor of Irkutsk region, and Valery Maleyev, the governor of the Ust-Ordyn Buryat autonomous district, signed a treaty merging both regions; together with their respective parliaments, they presented the suggestion to amalgamate both regions to the Russian president shortly afterwards. The referendum on the merger took place on 16 April 2006. Both regions were merged on 1 January 2008 to form Irkutsk region.
5	Chita region with the Agin-Buryat autonomous district	Negotiations began in April 2006 between the governor of Chita region, Ravil Geniatulin, and the governor of the Agin-Buryatsky autonomous district, Valery Maleyev, and representatives of regional parliaments and ended with the signing of a treaty. In November 2006, President Putin endorsed the merger. On 11 March 2007, both regions held a referendum resulting in a large majority in favor of amalgamation. On 1 March 2008, the new region came into being as Zabaykalsky territory.

## About the Russian Analytical Digest

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