Chapter Six

*Evolution of Russia’s New Federal Structure and Centre-Periphery Relations*
When Russia became independent in 1991, many Russian and Western observers predicted that the fragmentation that had doomed the USSR would not stop at the borders of the Russian Federation. By the end of 1991, most of Russia’s autonomous republics had declared themselves sovereign and since each of these entities was designated homeland of a different non-Russian ethnic group, the threat of ethnic conflict was real. In Tatarstan, for instance, radical nationalists called for independence. In Chechnya, a secessionist movement succeeded in disarming and expelling Russian troops sent to quash the revolt. Seven years later, many observers see the Russian Federation advancing towards a restoration of Soviet style unitary centrism. Despite the military debacles that have trapped federal troops in Chechnya, separatism has not spread to the other ethnic republics. On the contrary, Presidents of many of these republics have consolidated power at home with understanding with the party of power in Moscow.

Indeed, one of the most difficult aspects of post-Soviet institution building has been the establishment of Russia as a truly federal state. Is the Russian federal experiment doomed to revert to centralized rule or to dissolve into anarchy? Are the national and sub-national governments beginning to reach a consensus on a stable and lasting division of power and responsibilities? Is the Russian Federation a true federation or a federation by name only? Since 1990 and the popular election of the regional Soviets (legislatures), the question of what kind of federation
Russia is to be or whether it is to be a federal system at all has been a pressing concern. The launching of the economic reforms in 1992 made the division of authority between central government in Moscow and Russia's provinces, complicated as both the levels of governments constantly strived towards gaining more economic power.

This chapter explores the development of centre-periphery relations from 1990 through 1998 and the possibility of emergence of stable federal institutions in the post-Soviet Russia. It tries to analyze the changed configuration in federal structure as the new constitution was adopted in 1993, the gamut of regional issues which cropped up and the new set of institutions which came up thereby. It would begin with a brief description of the problematic legacy left to the Russian Federation by the Soviet system. Then it would explore the effects of marketization and democratization on the devolution of authority from centre to periphery. The second section of the chapter would analyze the federal-institutional development in three phases: 1990-93, a phase of relative regional activism; October 1993-95 when regional activism relatively subsided and the end of 1995 till the present day when regional activism and regional challenge is again on the rise. The chapter would then end with a note on the emerging issues and main challenges facing the future development of federal institutions.
I SOVIET LEGACY

Federalism had a long tradition in Russia. It could be argued that the treaties signed between the Tsar and the governments of people entering the Empire like Caucasian Khans and Central Asian Emirs, contained provisions for a division of powers between centre and the locality. Various national areas of the old empire had certain rights and privileges with local self-government and limits to the rights of the Tsar to meddle in local affairs. These early elements of federalism were undermined during the centralizing and unitarist period of the second half of the 19th Century as the Tsarist imperial statehood began to give way to a nation-building statism, yet did not disappear entirely. The Bolsheviks had at first condemned the concept of 'federalism' but were soon forced to incorporate it in their state building programme, but the working of their system showed that federal forms were always undermined by unitary practice.

If a federal system is considered to be two levels of government, each ruling at least one area of action with granted autonomy, the Soviet Union could not be considered a federation in the strict sense of the term. Although Article 70 of the 1977 constitution declared the USSR to be a unified, federal, multinational state formed on the principle of socialist federalism, a strict communist system with vertical organization of Communist Party lower down and extreme centralization of the command
economy rendered the USSR a 'unitary' structure and not a 'federation' in real sense.

Following Lenin's original nationalities policy, the entire state structure was organized on territorial principles. Each of the fifteen Union Republics was named after a particular ethnic group (e.g., Kazakh Soviet Socialist Republic, Uzbek Soviet Socialist Republic etc.) In addition, smaller units within the fifteen Union Republics were also named after particular people. Thus the fifteen Union Republics of the Soviet Union were further subdivided into twenty Autonomous Soviet Socialist Republics, eight Autonomous Oblasts, ten Autonomous Okrugs, 120 Oblasts and six Krais.\footnote{The words Oblast and Krai meaning region and land respectively entered the Russian political lexicon shortly after the Revolution of 1917. See Figure 1.4 in page 251.} From 1929 until the mid-1930s, Stalin redrew and renamed the old provincial (Gubemiya) borders of the Russian state and formed the majority of the boundaries that exist today in the post-Soviet era.

Within the USSR, the Russian Soviet Federated Socialist Republic itself was home to eighty-eight units in total including sixteen Autonomous Soviet Socialist Republics (ASSR); forty-nine Oblasts and six Krais plus two special status cities of Moscow and Leningrad, five Autonomous
Figure 1.4
The Political Administrative Structure of the Soviet Union

All-Union

USSR

Union-Republic

Union Republics (SSR): 15

Province

Autonomous republics (ASSR): 20

Autonomous region (AR): 8

Autonomous area (AA): 10

Regions (Oblasts): 123

Territories (Krays): 6

Cities of Republican Subordination: 90

City/ Country

Towns 902

Countries 3,225

Urban wards

Towns: 1,184

Urban settlements 392

Villages 42,411

Urban wards

Source: The Cambridge Encyclopaedia of Russia (Cambridge: Cambridge University Press)
Oblasts and ten Autonomous Okrugs (which were located within the borders of the Autonomous Republics, Oblasts and Krais). It is this complicated legacy of the territorial principle and the uneven treatment these three levels of the federation received on paper that has proven to be particularly problematic for the development of post-Soviet Russian federal system. While autonomous Oblasts and Okrugs were supposed to be organized around one or several of the hundred or so ethnic groups living in the RSFSR, Oblasts and Krais were essentially administrative units supposedly populated mostly by ethnic Russians. Autonomous Republics were organized around a particular non-Russian ethnic group and the Oblast, the Krai level had mostly the same powers. The Oblast and Krai level remained at the basic sub-national unit of the RSFSR.

By 1992, due to promotion of four Autonomous Oblasts to ASSR status and the splitting of the Chechen-Ingush ASSR into two republics, the Russian Federation was comprised of eighty nine units. This included twenty one republics (Formerly ASSRs), forty nine Oblasts, six Krais and two special status cities of Moscow and St. Petersburg (formerly

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Leningrad) and eleven 'Autonomies', one Autonomous Oblast and ten Autonomous Okrugs.³

Soviet strategy for managing a multi-national state involved built-in tensions whose explosive potential became manifest as a result of the Gorbachev reforms. In particular, the design of the Soviet state as a federation of ethno-territorial "Union Republics" that were symbolically, if not in fact, national states, nationality as a central aspect of individual identity created a setting in which liberalization would catalyze ethno-national mobilization.

Two features of Gorbachev's reforms played a critical role in the emergence of nationalism as a powerful political force in the Perestroika period: the de-legitimization of the Communist Party elite as a consequence of glasnost and democratization and the deliberate as well as unintended process of resource redistribution brought about by Gorbachev's economic reforms.⁴ Glasnost unleashed a far-reaching competition for power and a simultaneous effort at relegitimization in which nationalist ideology played a major role. Democratization, in turn, impelled republic elite to seek increased economic autonomy, thereby placing property rights collective as well as individual at

³ Table 1.3 & 1.4 shows Russia's Republics and Regions according to the 1993 constitution.
Table 1.3
Russia's Republics and Regions (According to the 1993 Constitution)

<table>
<thead>
<tr>
<th>Republics (21)</th>
<th>Oblasts (49)</th>
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<tr>
<td>Republic of Adygeya</td>
<td>Leningrad Oblast</td>
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<tr>
<td>Altai Republic</td>
<td>Lipetsk Oblast</td>
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<td>Republic of Bashkortostan</td>
<td>Magadan Oblast</td>
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<td>Republic of Buryatia</td>
<td>Moscow Oblast</td>
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<td>Chechen Republic</td>
<td>Murmansk Oblast</td>
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<tr>
<td>Republic of Dagestan</td>
<td>Nizhni Novgorod Oblast</td>
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<td>Chuvash Republic</td>
<td>Omsk Oblast</td>
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<td>Ingush Republic</td>
<td>Orel Oblast</td>
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<td>Kabardino-Balkar Republic</td>
<td>Orenburg Oblast</td>
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<tr>
<td>Republic of Kalmykia-Khalmy-Tangty</td>
<td>Penza Oblast</td>
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<td>Karachai-Cherkess Republic</td>
<td>Perm Oblast</td>
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<td>Republic of Karelia</td>
<td>Pskov Oblast</td>
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<td>Khakass Republic</td>
<td>Rostov Oblast</td>
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<td>Republic of Komi</td>
<td>Ryazan Oblast</td>
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<td>Republic of Mari El</td>
<td>Sakhalin Oblast</td>
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<td>Republic of Mordovia</td>
<td>Samara Oblast</td>
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<td>Republic of North Ossetia</td>
<td>Saratov Oblast</td>
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<td>Republic of Sakha (Yakutia)</td>
<td>Smolensk Oblast</td>
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<td>Republic of Tatarstan</td>
<td>Sverdlovsk Oblast</td>
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<td>Republic of Tuva</td>
<td>Tambov Oblast</td>
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<td>Udmurt Republic</td>
<td>Tomsk Oblast</td>
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<td>Tyumen Oblast</td>
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<td>Krais (6)</td>
<td>Ulyanovsk Oblast</td>
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<tr>
<td>Altai Krai</td>
<td>Vladimir Oblast</td>
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<td>Khabarovsk Krai</td>
<td>Volgograd Oblast</td>
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<td>Krasnodar Krai</td>
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<td>Krasnoyarsk Krai</td>
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<td>Primorski Krai</td>
<td>Federal Cities enjoying status equivalent to an</td>
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<td>oblast (2)</td>
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Oblast享受 status equivalent to an oblast (2)

Amur Oblast                                             | Moscow |
Arkhangelsk Oblast                                       | St. Petersburg |
Astrakhan Oblast                                          | Autonomous Oblast (1) |
Belgorod Oblast                                           | Jewish Autonomous Oblast |
Bryansk Oblast                                            | Autonomous Okrugs (10) |
Chelyabinsk Oblast                                        | Agin Buryat |
Chita Oblast                                              | Chukchi |
Irkutsk Oblast                                            | Evenk |
Ivanovo Oblast                                            | Khanty-Mansi |
Kaliningrad Oblast                                        | Komi-Permyak |
Kaluga Oblast                                             | Koryak |
Kamchatka Oblast                                          | Nenets |
Kemerovo Oblast                                           | Taimyr |
Kirov Oblast                                              | Ust-Orda Buryat |
Kostroma Oblast                                           | Yamal-Nenets |
Kurgan Oblast                                             | |
Table 1.4
Constituent Parts of the Russian Federation

The Russian Federation today consists of 21 republics, 6 krais, 49 oblasts, 1 autonomous oblast, 10 autonomous okrugs, and two federal cities (Moscow and St. Petersburg). According to the constitution adopted in December 1993, all components are equal, in relation to the center. They are roughly equivalent to states in the United States.

**Republics**

When the Soviet Union was formed in the 1920s, republics were delineated to recognize strong ethnic groups. Republics typically have their own legislature, and most have their own president. The constitution grants republics the right to formulate economic laws that differ from federal regulations.

**Oblasts (Regions)**

Oblasts do not have titular ethnic minorities. Oblasts are locally governed by legislative and executive bodies.

**Krais (Territories)**

Originally Krais were a hybrid between republics and oblasts, delineated by containing one or more ethnically defined subgroups. This subunit could be an autonomous oblast, autonomous okrug, or both.

**Autonomous Oblasts and Okrugs**

These administrative units were designed in the Soviet period to give small ethnic groups a political identity. Autonomous oblasts and okrugs are found in sparsely populated regions such as Siberia and the Russian Far East.

**Raions (Districts)**

Republics, oblasts, krais, and okrugs are subdivided into raions, similar to the way U.S. states are split into countries. Most cities are administered as raions, although cities with populations exceeding 50,000 or significant economic influence may be reassigned to a higher level.

the centre of contention. Glasnost also led to a cognitive liberation where Soviet policy was subjected to growing critical scrutiny as well as development of alternative cultural, economic and political agendas. As the boundaries of permitted socio-political activism gradually broadened, new political movements emerged with the peoples front of Baltic Republics in the lead – that gave expression to the demand for national revival as a central component of reform. At the same time, democratization and partially competitive elections at both national and local levels created new legislatures that no longer served as mere rubber stamps for the Communist Party. Insisting that Soviet federalism be reformulated, political elites in the fifteen Union Republics grew increasingly assertive in their demands for greater autonomy from Moscow and centralized Soviet power.

Gorbachev's failure to respond promptly and effectively to the rapidly evolving situation further weakened the central government's authority. The task of building a new system of state power both vertically and horizontally was made even more difficult by two additional features of the Soviet system: the extreme degree of centralized political power at the federal centre and the control of all aspects of economic as well as political life (including control over the military and the security establishments) by the Communist Party. The void created by the disintegration of the party as a nation wide institution led to a rapid and
uncontrolled fragmentation of power and the de-facto autonomy of local economic, political and military actors.

(i) Soviet Collapse: Impact on Emergence of Russia as an Independent State

The role of the RSFSR in accelerating the dissolution of the Soviet Union had far-reaching consequences for state-building in post-communist Russia. In early 1990, Boris Yeltsin tried to build an independent political base in the RSFSR to challenge Gorbachev and the old centre. In most of his speeches during this period, he declared his support not only for Russian sovereignty but for the renegotiation of relations between the RSFSR's central government and the governments of the ethnically defined autonomous areas within Russia as well. Drawing on the views of leading figures in democratic circles at the time – including Andrei Sakharov, Galina Starvoitova and Victor Palme – he responded to demands for greater rights from local governments by championing a doctrine of sovereignty "from ground up", in which the lowest governmental unit, closest to the people in villages or towns, delegates power to the next highest level, then to the republic parliament, then the national parliament.  

Yeltsin's radical challenge to the Gorbachev regime won him a seat in the new USSR Congress of People's Deputies in March 1988, the

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5 New York Times, 31 May 1990. Certain democratic critics of Soviet Federation were calling at the time for sovereignty for the Union Republics as well as for the equalization of all ethnic unity in the Soviet federal administrative hierarchy. This would have meant linking the restructuring of the Soviet federal system with a restructuring of federal relations within Russia as well.
RSFSR parliament a year later and the chairmanship of the RSFSR Supreme Soviet in June 1990. On 12 June 1990, the new RSFSR parliament, following the lead of the Baltic Republics issued its own declaration of state sovereignty asserting that the RSFSR had "complete authority" in resolving all questions relating to state and public life with the exception of those that it voluntarily handed over to USSR jurisdiction. It also asserted the primacy of RSFSR constitution and RSFSR laws throughout the territory of the RSFSR and stipulated that the Congress of People's Deputies confirms the need to broaden substantially the rights of Autonomous Republics, Autonomous Oblasts and Autonomous Okrugs along with RSFSR Krai and Oblasts.

The declaration had a far-reaching significance for the fate of the Soviet Union as well as for the future development of Russian state from the Soviet Union. By identifying Russia with the other 14 members of the Union as equals, it not only attempted to define a new non-imperial Russian identity but also helped legitimate the sovereignty aspirations of the other republics.

In leading the struggle for Russian sovereignty, Yeltsin adopted a complex political strategy. To compensate for the weakness of the

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6 Lapidus & Walker, n.4, p. 82.
democratic reformers in the central institutions of Soviet power, he resorted to a "horizontal" strategy that promoted ties among the republics that would curtail the centre's powers. Yeltsin's personal struggle for power against Gorbachev was entwined with a broader institutional conflict between republics and central institutions. As RSFSR deputy Galina Starvoitova put it:

The conflict between Yeltsin and Gorbachev is not simply a dispute between two men who do not like each other. There is an objective historical basis for the conflict: a clash of two opposing tendencies namely, the strife of Russia to find its sovereignty and the striving of an empire to preserve its former might. The President of the USSR, who does not have his own territorial domain inside the huge country is with the loss of power in Russia, in effect losing his power. For this reason, he naturally seeks to obstruct the growing sovereignization of the republics.8

Fumio Uda also argued that the origin of localism does not lie only in the geographical and multi-ethnic features of the country but that a centrifugal momentum was built into Yeltsin's basic strategy. Yeltsin and his allies legitimized their challenge to Soviet leadership on the basis of a constitutional fiction - the sovereignty of the Russian Federation Republic.9

From summer of 1990 through the end of 1991, Yeltsin sought the backing of the autonomies for his intensifying struggle with Gorbachev and the Soviet centre repeatedly promising support for their sovereignty and autonomy. Most notably, during a three week trip in August and September

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8 Komsomolskoe Znamia, 7 June 1991, cited in ibid.
1990 that took him to Tatarstan, Bashkiria and the Komi Autonomous Republic he told local elites that they could take as much sovereignty as they were able to swallow.\textsuperscript{10} Yeltsin supported the demands for greater rights from local governments by championing a doctrine of sovereignty 'from the ground up'.\textsuperscript{11} This doctrine of 'sovereignty from ground up' threatened to undermine Russia's territorial integrity as much as USSR's. The greater the conflict at the centre, the more the centrifugal forces appeared to be gaining ground as in the summer of 1993, when assertiveness among the regions seemed to be matching that of the republics.

Thus it is clear that well before the Soviet Union disintegrated, there were signs that the centrifugal forces pulling it apart were also at work in the giant Russian Republic. The parallel was noted by Gavril Popov, then Mayor of Moscow, as early as 1990. It soon became clear that centrifugal tendencies were widespread in the Russian administrative structure:

During 1992 and early 1993, it was possible to observe some of the same problems between Russian regions and Moscow that were dominating the relations between Moscow and the Union Republics in 1991. Several regions were holding back tax revenues, there were disputes over property rights .... Resource rich regions have been claiming they are exploited by Moscow. Several regions have printed their own local surrogate money. Some have asserted that they have a distinct national identity.\textsuperscript{12}

Similarly Alexander Tsipko warned in early 1991:

If Russia is only one of the Union Republics, then, it in no way differs from Tatarstan, Bashkiria and Dagestan. As a result, the strong the striving of the RSFSR to free itself from the centre, the stronger will be the desire of the autonomous formations to free themselves from Yeltsin. And in their own way they are right. The relationship of "Russia to the autonomies" is constructed on the same principle as that of "the Union to the RSFSR". The election of a President of the RSFSR will produce a domino effect.  

It was clear that within months of the Russian Republic's declaration of sovereignty, each of the Autonomous Republics within the Russian Federation would follow the suit.

However, Yeltsin's position began to change after he entered into serious negotiations with Gorbachev over a new USSR Union Treaty late in the spring of 1991. By then, a growing number of RSFSR autonomies were demanding the enhancement of their status (i.e, from Autonomous Republics to full Union Republics and from Autonomous Okrugs to Autonomous Republics). Tatarstan's leaders were particularly outspoken demanding that Tatarstan be a signatory to the Union Treaty with equal status to the RSFSR. Tatarstan, Checheno-Ingushetia, North Ossetia and Tuva refused to attach a question on the creation of a Russian presidency to the March 1991 referendum on the preservation of the Union.

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Eventually a compromise was worked out at a 12 May 1991 meeting between Yeltsin, Gorbachev and the heads of fourteen of the fifteen RSFSR Autonomous Republics. The sovereignty of the Autonomous Republics were reaffirmed and it was agreed that they would sign the Union Treaty as members of the USSR and the RSFSR.\footnote{Nevertheless, Tatarstan's leadership refused to support voting in the RSFSR presidential elections in June and as a result, turnout in Tatarstan was only 36.6\%, less than half the 75\% figure for the RSFSR as a whole.}

Relations between the RSFSR government and the autonomies deteriorated further after the failed August coup. As the failure of Gorbachev's effort to preserve the Union became clear, officials in the autonomies became increasingly convinced that the principal challenge to local autonomy came from Yeltsin and democrats in the Russian government, not from Gorbachev and the dying Soviet centre. These concerns intensified in the fall after Dudayev came to power as leader of Checheno-Ingushetia. Yeltsin reacted by declaring a state of emergency and ordering the dispatch of troops to the rebellious Autonomous Republic to enforce the constitution.

As Russia approached independence at the end of 1991, it was already confronting serious challenges to central authority from numerous regions around the country. As Andranik Migranian argued, Yeltsin's
doctrine of sovereignty from the 'ground up' threatened to undermine Russia's territorial integrity as much as the USSR's:

Our attempts to create all state institutions from scratch on a contractual basis are attempts to put into effect yet another grandiose Utopia... The bomb planted under the USSR by the declaration of Russian sovereignty is, it seems to me, facilitating not only the destruction of the USSR but also to an even greater extent...the destruction of Russia itself... Where are the geographical boundaries of the Republic that is supposed to represent ethnic Russians?15

The widespread anxiety about Russia's future at this time was expressed by the title of an article by a leading Russian specialist on nationality issues - "Will Russia Repeat the Path of the Union?"

(ii) Russia's Federal Structure at Independence

Russia's growing centre-periphery problems at the time of independence were in significant degree a legacy of the federal structure inherited from the Soviet era. The 1918 constitution of the Russian Soviet Federated Socialist Republic (RSFSR) had characterized the new state as a free union of free nations, a federation of Soviet national republics. However, Russia's federalism was essentially administrative and formal with its constituent parts lacking constitutionally protected autonomous powers.

The formal structure of hierarchical relations within the RSFSR distinguished between five types of administrative-territorial units, each with somewhat different rights. These units included forty-nine non-ethnically defined Oblasts, six Krais, thirty nine ethnically defined Autonomous Areas, sixteen of the latter were Autonomous Republics, five were Autonomous Oblasts and ten were Autonomous Okrugs. These thirty one Autonomies were located in four broad regions - the North Caucasus, the Central Volga Ural region, alongwith the border with Mongolia and one major interruption, along the Northern rim of the country running from Karelia in the West to the Chukchi Autonomous Okrug in the East.

In addition to Russia's complex federal structure, the Russian Federation spans eleven time zones and contains about 140 million people with more than 100 distinct nationalities. As a result, the sheer size of the country and the complicated delineation of sub-national units inherited from the Soviet system helped make centre-periphery relations one of the most important and contentious issues in present day Russian politics. The combined processes of democratization and marketization initiated in the early 1990s made a further contribution to the challenge of development of sound political institutions at the federal and sub-national level.
II DEMOCRATIZATION, MARKETIZATION AND THE DEVELOPMENT OF FEDERAL POLITICAL INSTITUTIONS IN THE POST-SOVIET RUSSIA: 1990-98

In March 1990 elections to the popularly elected regional Soviets were held across the Russian Federation. For the first time competitive elections created regional legislatures that were more accountable to their constituents than Moscow. Thus, the elections of 1990 along with market reforms introduced not only a certain degree of responsibility and democracy into the local political process, but they also initiated a period of relative regional activism which lasted till October 1993.

(i) Regional Activism

The increase in regional pressure for greater influence over local affairs emerged from the fact that 1990 elections injected the notion of political accountability into subnational politics. The regional activism in this early period was also an immediate reaction to the extreme centralization of the past.

By October 1990, eleven of the then 16 Autonomous Republics had declared themselves sovereign authorities over their own territories, but not actually independent from Russia. In making these sovereignty declarations, they were following the RSFSR's example of declaring itself sovereign from the USSR. In March 1992, the Republic of Tatarstan even went so far as to hold a referendum on its status within the Russian
Federation. Remarkably 61 per cent of the participating voters voted in favour of the Republic becoming an independent territory within the Russian Federation, although the words of the Declaration were unclear.

This type of assertiveness at the level of ethnic Republics was accompanied by war of laws between Russian Federation in Moscow and several republics. There were widespread withholding of tax revenues from Moscow by both Oblast and Krai as well as Republic level governments.

The tug of war between the national government and the regions was further complicated by a conflicting view of what kind of federation Russia was to become. An interesting debate over Russia's federal structure was a major obstacle to the drafting of a new constitution for the country. Not only the division of powers between the centre and territories but also the administrative borders themselves were in dispute. An even more fundamental problem of principle was whether to commit to a national or to a treaty constitution. In issue was whether the new constitution should be preceded by a treaty of Federation voluntarily entered into by the constituent parts of the federation; whether those parts would be given the right to ratify or reject such a treaty, whether 'sovereignty' would rest with the centre or the localities and finally whether secession could be a matter
for the voters in the constituent units or would it require approval by the federal parliament or a nation-wide referendum.\textsuperscript{16}

While Moscow sought to impose a national federal system, that is, a system imposed from above, with the central government being the clear leading power – the provinces advocated a more "contractual" federal system, where each subnational unit would agree to enter the federation on a negotiated basis and where the central government's power would be deemphasized relative to that of federation's constituent parts.

Even when Moscow was thinking hard about introducing the Zemli proposal,\textsuperscript{17} in the wake of the coup of August 1991, Russian President Yeltsin introduced two institutional reforms which had serious repercussions for the federal relations in post-Soviet Russia. He created two new offices in a further attempt to gain a strong grip over the increasingly assertive provinces. The new positions - that of the office of the Presidential Representative, as well as Head of Oblast and Krai Administrations commonly referred to as Governor were to be filled at least initially by Yeltsin appointees.

\textsuperscript{16} See Lapidus and Walker, n.4, p.93.

\textsuperscript{17} The failed Zemli proposal modeled after the German system of Lander is the excellent example of the type of federal system Moscow preferred. Under this proposal, part of the early draft constitutions for the Russian Federation, the boundaries of the federations' constituent units would have been redrawn such that some oblasts and republics would have been combined into single units and overall number of constituent units of federation would have come down to fifty.
The position of Presidential Representative was an overt attempt by Moscow to introduce central executive control over provinces. This was to ensure that presidential decisions would be reliably implemented and to provide reliable information about political situation in the region. The Decree that he signed in August 1991 officially creating the position stated simply —leaders and officials of ministries, departments and other organizations of the RSFSR and organs of executive power are instructed to assist the RSFSR Presidential Representative in the fulfillment of the functions vested in them. These functions were described merely on fulfilling the President's instructions. Though Yeltsin claimed that the job of the Presidential Representative would not be to interfere in the business of local governance, the office was soon criticized as the emperor's eyes and ears in the provinces. The paradox of the situation was such that many of these appointees were not knowing what functions they were supposed to perform.\textsuperscript{18} In reality, however, the Office of Presidential Representative did not carry with it much influence in local governance.\textsuperscript{19}

While Presidential Representatives proved to be largely weak and ineffectual, another office, i.e., Head of Local Administration or the Governor emerged as relatively more powerful institution. While Yeltsin attempted to ensure that the first appointed heads of administration would


\textsuperscript{19} In Yaroslavl Oblast, for example, the Presidential Representative apparently had no real influence in local governance. In the first 18 months after his appointment, he revealed that there had been just two instances where local authorities failed to implement President's decrees.
have their loyalties firmly based in Moscow rather than the regions over
which they governed, in practice, this often turned out to be something
different. The combined effect of the election of all Governors, the
enhanced role of the Federation Council, and the concessions to the
Republics and Regions in various treaties made Governors the central
players in shaping the future of the Russian state. While Governors carried
with them wide powers which included the right to appoint an entire local
cabinet, they were still accountable to local Soviets and, according to the
March 1992 'Law on Oblast and Krai Soviets and Oblast and Krai
Administration', they could even be removed from office by local Soviets.
Although Governor's position got politicized because of the power struggle
in Moscow and some debated the liberation of Governors from political
dependence on the President, Russia's Governors were praised to play a
much more influential role in shaping the future of the state. 20

The post-October 1993 period marked a new stage in the
development of federal institutions. The October clash ushered in a less
confrontational period in federal relations. The Governors gained a new
respect for Yeltsin and he increased his appreciation of the importance of
having the Governors as the new allies.

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20 For more details on the subject, see Mark Zlotnik, "Russia's Governors: All the President's
Men?" Problems of Post-Communism, vol.43, no.6 (Nov-Dec 1996), pp.26-34.
Following the appointment of Presidential Representatives and Governors in the spring of 1992, as market reforms got underway, the central government began pushing more and more policy responsibility to the provincial level. The difficulty was that the provincial governments had little funds with which to pay for these responsibilities. Further, as the struggle for ownership of property slated for privatization intensified, and the propensity of subnational governments to withhold tax revenue from Moscow increased, the lack of clarity in the division of powers between Moscow and the constituent units of the federation became an even more pressing issue. This led to signing of the March 1992 Federation Agreements. This set of three agreements (one for each level of the federation - Republics, Oblasts, Krais and the Autonomies) was supposed to formally establish what areas were to be under central jurisdiction, what areas were to be the shared responsibilities and what areas were to be assigned to each of the three categories of the constituent units.\(^\text{21}\) While these agreements went a long way in establishing Russia as a truly federal system, realization of the agreements remained a dream as the enabling legislation was never passed by the central government in Moscow. In practice, the federative arrangements, far from alleviating the growing tensions between the Oblast and Republic level, reinforced the inequalities between Russian and non-Russian territories. Further, despite special privileges that had accrued to Republics in their federative agreement with Moscow, two Republics – Tatarstan and Chechnya – refused to sign this

agreement and two others Bashkortostan and Sakha insisted on special clauses granting them additional control over resources. Tatarstan's stubbornness in particular led to the establishment of a dangerous precedent in centre-periphery relations. In February 1994, after long negotiations, Tatarstan successfully obtained a separate bilateral treaty with Moscow which granted the Republic wide authority over economic resources. This deal, at a later phase led to Moscow's unequal treatment of various units of federation.

These mounting centre-periphery and ethnic problems were aggravated over the course of 1992 by the intensifying legislative-executive conflict in Moscow. In need of their political support, both Yeltsin and his opponents began to outbid each other in raising the favour of local authorities. At this time, Yeltsin aggressively courted local leaders as allies in his struggle with parliament, not only making significant economic concessions to win their support but also granting the republics and regions considerable economic autonomy in the belief that economic decentralization would prevent conservatism from reversing marketization and privatization should they come to power in Moscow.22

In sum, provincial power was on the rise as the Russian Federation entered the summer of 1993 when President Yeltsin convened a

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22 For example, late in Summer of 1992, Yeltsin dispatched Prime Minister Yegor Gaidar to Sakha where he signed an agreement setting up a joint stock company to exploit Sakha's diamonds and confirmed a major Sakha-De Beers deal that Moscow conservatives attacked as disadvantageous to Federation.
constitutional convention in yet another failed attempt to provide Russia with a comprehensive basic law. As steele wrote:

By 1993, the centrifugal tendencies were still gaining strength and not only the twenty-one republics which make up the Federation, in particular, Tatarstan, Baskhhortostan, and Sakha, several regions including parts of Siberia, the Urals and the Far East- were also demanding greater economic rights. They felt Moscow had always imposed excessive control and time had come to loosen the links. During the long debates in 1993 over a new Russian constitution, Russian Regions insisted on equal status with Republics in relations to Moscow .......

While the sharp divisions between President and parliament during this time was usually considered the main reason for the failure of constitution project, the growing insistence of regional leaders on regional autonomy in fiscal matters also greatly contributed to a crisis in constitutional field.

(ii) October 1993 – Summer 1995: Russian Regionalism Subsided

The storming of the Russian parliament in October 1993 by the federal troops, acting on President Yeltsin's Decree 1400, marked the beginning of a dark age in regional activism. During the October crisis many regional Governors adopted wait and watch policy and were slow in declaring their support to President's actions. This increased Yeltsin's suspicion on regional institutions. While Yeltsin did not exercise his discretionary power of dismissing the regional Governors, he did

23 See Glatter, n.9, p.59.
immediately pass a decree giving himself the authority to independently remove all Governors including those who had been elected.\textsuperscript{24}

In December 1993, in conjunction with new parliamentary elections at the national level, President Yeltsin asked the Russian electorate to approve a new constitution for the federation. Although this constitution declared all subjects of the federation equal, many of the provisions of the constitution relating to mutual jurisdiction (Art. 71, 72) and the Federation Council or upper house of parliament continued to remain a bone of contention between the federal government and the sub-units. Further, during this period beginning with agreements signed between Moscow and Tatarstan (in February 1994) Moscow and Kabardino – Balkaria in July 1994 and Moscow and Baskhportostan in August 1994 some regions and republics attempted to claim special treatment through alternative means.

As pointed out earlier, the upper house of the parliament called Federation Council received two representatives from each of the 89 federation subjects. Although the constitution remained vague about how these seats were to be filled in future, the 1993 elections to the Federation Council were held in conjunction with the State Duma elections. For the Federation Council only those candidates contested elections, who were members of either executive or legislative branches of government. As a

\textsuperscript{24} Indeed Yeltsin used this authority to remove elected Governors in Amer and Bryansk Oblasts shortly after the decree was declared.
result, in most cases the Regional Governor and the head of regional legislature each won a seat in these elections. This was Moscow's design on the levers of power by guaranteeing Regional Governor a voice in legislative side of national politics. During this period while the centre followed a divide and rule strategy, the regional leaders tried to gain as much power as possible from the centre.

The growing dissatisfaction on the part of the regions increased to disproportionate limits when Chechnya openly waged a battle against Moscow. The Chechen crisis and Yeltsin's decree ordering federal armed forces into that republic in December 1994 put a temporary hold on regional activism. The ongoing war between Chechnya and federal troops served to underscore the potential danger of heightened separatist activism to Russian statehood. It also raised the moral question regarding the limits of legitimate action in projecting Russian territorial boundaries.

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26 The Chechen Republic had been created in 1991 when the Chechen-Ingush Autonomous Republic was divided into two. This division stemmed from growing Chechen nationalism in the late 1980s. By August 1991, new leaders of Chechen Republic had come out in support of the August coup plotters in Moscow and had embarked upon a path of independence from not only the RSFSR, but also the Soviet Union. In part, the Chechen claim to independence stemmed from the region's status as a largely Muslim Republic, as well as a long history of revolts against Russian rule prior even to the Revolution of 1917. For recent developments, see Ajay Pattnaik, Russia and Chechnya - the Cycle of Stagnation and Escalation (Paper Presented in a Seminar, SIS, JNU, 25 February 2000), pp.1-8.
In general, however, while condemning Russian military 'action' in the Chechen Republic, most of the other constituent units of the federation have remained relatively quiet about the war, although some regional and republican leaders did oppose sending troops from local garrisons to Chechnya. None, however, has gone so far as they did in 1990-93 period in declaring themselves sovereign entities. Maintenance of territorial integrity is of vital importance for Russia as a state. In this sense Russia cannot afford the secession of even a tiny Republic like Chechnya, for, it might create a chain repercussion for the other Republics aspiring for secession and independent statehood.

(iii) **Summer 1995 – Present: Regional Resurgence**

Because the 1993 constitution did not resolve the issue of the division of powers between the centre and the provinces, pressure for the autonomy did not abate after the constitution entered into force. On the contrary, horse trading between the centre and the periphery has continued. The Republics, Krais and Oblasts have gone on demanding financial concessions and have grabbed increased powers whenever they could get away with it. The centre has also responded by negotiating a series of bilateral treaties between the Russian Federation and its autonomy minded
provinces. Relation between centre and regions had based on a strategic plan which is now more institutionalised than the period before 1998.*

The first such bilateral treaty between the Russian Federation and the Republic of Tatarstan was signed in February 1994. So determined were Tatarstan’s leaders to assert autonomy that they refused outrightly to sign the Federal Treaty in March 1992. In February 1994, after nearly three years of negotiations, Russia and Tatarstan signed a bilateral treaty on ‘the Demarcation of Spheres of Authority and Mutual Delegation of Powers’. Tatarstan served as a model member of the Federation and its treaty helped as an example to other provinces desiring independence.

Through the late spring of 1995 and early summer, Yeltsin took up the practice of signing more bilateral agreements with some other republics. By early summer of 1995, several Oblast Governors insisted also that Yeltsin allow them to hold regional elections. By August, Yeltsin consented to thirteen gubernatorial elections in all to be completed by December 1995. Although the incumbent winners were Yeltsin’s preferred candidates, their popular mandates actually served to make them

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stronger in their dealings with Moscow as they now had the authority of their respective electorates behind them.\textsuperscript{28}

In addition to allowing gubernatorial elections to proceed thereby opening the possibility of eroding central control over regional politics, Yeltsin continued the practice of signing more bilateral agreements with various oblasts, republics and autonomies. In an attempt to buy off opponents or reward some supporters, many of these agreements were signed in the spring 1996 in advance to June presidential elections.

Altogether twenty six agreements had been signed between Moscow and various sub-national units by the end of November 1996 and more were waiting for signature.\textsuperscript{29} This rather arbitrary policy of assigning extra powers to some regions, but not others has created the potential for further uneven economic and political development across the federation. This poses one of the major challenges to Russia’s state and institution building.

III STRENGTHS AND WEAKNESSES OF THE RUSSIAN FEDERAL STRUCTURE

According to William Ricker, a federal state consists of two levels of government ruling the same land and people, each having at least one area of action in which it is guaranteed autonomy.\textsuperscript{30} He also draws an important distinction between centralized and peripheralized federal

\textsuperscript{28} See Stoner-Weiss, n.2, p.245.

\textsuperscript{29} See ibid, p.246.

systems. In a centralized federal state, most functions are performed by the national institutions (authorities). In a peripheralized federal state, the federal centre is sharply constrained. Ricker argues that centralized federal systems are more likely to survive centrifugal pressures, but are more likely to see regional authority trampled by expanding federal authority. Peripheralized federal state, on the other hand, is more likely to succumb to regional conflict or even civil war.

Although 'federalism' has been a significant feature of Russian politics and federalism has become a reality in post-Soviet Russia with the adoption of the constitution in 1993, it is difficult to fit Russia's 'federalism' in Ricker's framework of analysis. The 1993 constitution contains a full chapter on Federalism favorable to institution-building and clearly delineates the jurisdiction between federal and regional levels of government. However, the recent problem of federal government with Chechnya and the sending there of federal troops to suppress regional awakening has given rise to few gray areas of federal provisions of 1993 constitution. In this section we will deal with the criticisms and strengths of the constitution's federal provisions.

(i) Criticisms

a. Excessive Powers for the Federal Government

Because the constitution gives federal government excessive powers, some critiques contend that Russia remains a unitary state in
everything but name. The specific powers given to the federal government has been criticized as excessive. For example, Article 76.5, which asserts the primacy of Russian law, has been interpreted to mean that regional governments may not be 'sovereign' even with respect to those powers assigned to them.\textsuperscript{31} Others argued that the constitution gives the federal government too much of power to determine the structure of regional governments. Article 77.1 states that the governments of the subjects will be established on the basis of federal constitution and law while Article 78.1 gives federal bodies of executive power the right to create their own territorial agencies and staff those agencies.

\textsuperscript{31} See excerpts from the Constitution.
Table 1.5
Excerpts of the Constitution Relating to Federal Structure

<table>
<thead>
<tr>
<th>Article 71</th>
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<tbody>
<tr>
<td>The jurisdiction of the Russian Federation shall include:</td>
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<tr>
<td>(a) the adoption and amendment of the Constitution of the Russian Federation and federal laws and supervision over compliance with them;</td>
</tr>
<tr>
<td>(b) the federal structure and territory of the Russian Federation;</td>
</tr>
<tr>
<td>(c) regulation and protection of the rights and liberties of the human being and citizen: citizenship of the Russian Federation; regulation and protection of the rights of national minorities;</td>
</tr>
<tr>
<td>(d) establishment of the system of federal bodies of legislative, executive, and judiciary power; procedures for the organisation and activities thereof; formation of federal bodies of state power;</td>
</tr>
<tr>
<td>(e) federal and state property and management thereof;</td>
</tr>
<tr>
<td>(f) determining the basic principles of federal policy and federal programs in the fields of state structure, economy, the environmental, social, cultural and national development of the Russian Federation;</td>
</tr>
<tr>
<td>(g) establishment of the legal framework for a single market; financial, monetary, credit, customs regulation, emission of money, guidelines for price policy; federal economic services, including federal banks;</td>
</tr>
<tr>
<td>(h) the federal budget; federal taxes and levies; federal funds of regional development;</td>
</tr>
<tr>
<td>(i) federal power grids, nuclear energy, fissionable materials; federal transport, railways, information, and communications; space activities;</td>
</tr>
<tr>
<td>(j) foreign policy and international relations of the Russian Federation, international treaties of the Russian Federation; questions of war and peace;</td>
</tr>
<tr>
<td>(k) foreign trade relations of the Russian Federation;</td>
</tr>
<tr>
<td>(l) defense and security; defense production; determining procedures for the sale and purchase of arms, ammunition, military hardware, and other equipment; production of fissionable materials, toxic substances, and narcotics, and procedures for the use thereof;</td>
</tr>
<tr>
<td>(m) defining the status and protection of the state border, territorial waters, the air space, the exclusive economic zone, and the continental shelf of the Russian Federation;</td>
</tr>
<tr>
<td>(n) law courts; Prosecutor's Office; criminal, criminal-procedural, and criminal-executive legislation; amnesty and pardon; civil, civil-procedural, and arbitration-procedural legislation; legal regulation of intellectual property;</td>
</tr>
<tr>
<td>(o) federal conflict of laws;</td>
</tr>
<tr>
<td>(p) meteorological service; standards, models, the metric system, and time measurement; geodesy and cartography; names of geographical objects; official statistics and accounting;</td>
</tr>
<tr>
<td>(q) state decorations and honorary titles of the Russian Federation;</td>
</tr>
<tr>
<td>(r) federal state service.</td>
</tr>
</tbody>
</table>
Article 72

1. The joint jurisdiction of the Russian Federation and the subjects of the Russian Federation shall include:
   (a) ensuring compliance of the constitutions and laws of the republics, charters, laws, and other regulatory legal acts of the territories, regions, federal cities, autonomous regions, and autonomous areas with the Constitution of the Russian Federation and the federal laws;
   (b) protection of the rights and freedoms of man and citizens, protection of the rights of ethnic minorities; ensuring legality, law and order, and public safety; border zone regime;
   (c) issues of the possession, use, and management of the land, mineral resources, water, and other natural resources;
   (d) delimitation of state property;
   (e) management of natural resources, protection of the environment and ecological safety; specially protected natural reserves; protection of historical and cultural monuments;
   (f) general questions of upbringing, education, science, culture, physical culture sports;
   (g) coordination of health issues, protection of family, motherhood, fatherhood, and childhood; social protection including social security;
   (h) implementing measures to combat catastrophes, natural disasters, epidemics, and eliminating consequences thereof;
   (i) establishment of the general guidelines for taxation and levies in the Russian Federation;
   (j) administrative, administrative-procedural, labour, family, housing, land, water, and forestry legislation; legislation on the sub-surface and environmental protection;
   (k) cardres of judiciary and law-enforcement agencies; the bar, notariate;
   (l) protection of the original environmental and traditional way of life of small ethnic communities;
   (m) establishment of general guidelines of the organization of the system of bodies of state power and local self-government;
   (n) coordination of international and external economic relations of the subjects of the Russian Federation, compliance with the international treaties of the Russian Federation.

2. The provisions of this article shall equally apply to the republics, territories, regions, federal cities, the autonomous regions, and autonomous territories.

Article 75

1. The monetary unit of the Russian Federation shall be the ruble. The monetary emission shall be the exclusive responsibility of the Central Bank of the Russian Federation. No other currencies may be issued in the Russian Federation.

2. The protection and stability of the ruble is the main function of the Central Bank of the Russian Federation, which it shall exercise independently from other bodies of state power.

3. The system of taxes levied to the federal budget and the general principles of taxation and levies in the Russian Federation shall be established by the federal law.

4. State loans shall be issued in accordance with the procedure established by the federal law and placed on a strictly voluntary basis.
Article 76

1. On issues within the jurisdiction of the Russian Federation federal constitutional laws and federal laws shall be adopted having direct effect throughout the territory of the Russian Federation.

2. On matters within the joint jurisdiction of the Russian Federation and the subjects of the Russian Federation federal laws shall be issued and in accordance with the laws, and other regulatory legal acts of the subjects of the Russian Federation shall be adopted.

3. Outside the jurisdiction of the Russian Federation and the joint jurisdiction of the Russian Federation and the subjects of the Russian Federation republics, territories, regions, federal cities, autonomous regions, and autonomous areas shall effect their own legal regulation, including the adoption of laws and other regulatory legal acts.

4. Federal laws may not contravene federal constitutional laws.

5. Laws and other regulatory legal acts of the subjects of the Russian Federation may not contravene federal laws adopted in accordance with parts 1 and 2 of this Article. In the event of a contradiction between a federal law and other act issued in the Russian Federation, the federal law shall apply.

6. In the event of a contradiction between the federal law and a regulatory legal act of a subject of the Russian Federation issued in accordance with part 4 of this Article, the regulatory legal act of the subject of the Russian Federation shall apply.

Article 77

1. The system of state power bodies of the republics, territories, regions, federal cities, autonomous regions, and autonomous areas shall be established by the subjects of the Russian Federation independently in accordance with the basic principles of the constitutional system of the Russian Federation and general principles of the organization of legislative and executive bodies of power as envisaged by the federal law.


Article 78

1. To exercise their powers, the federal bodies of executive power may set up their own territorial structures and appoint respective officials.

2. By agreement with organs of executive power of the subjects of the Russian Federation, the federal organs of executive power may delegate to them part of their powers provided this does not contravene the Constitution of the Russian Federation or federal laws.

3. By agreement with the federal organs of executive power, organs of executive power of the subjects of the Russian Federation may delegate part of their powers to them.

b. Excessive Power for the Subjects

Critiques argue that the new constitution affords subjects not too little but too much power. They focus on Article 11.3 which states that the distribution of federal and regional power is governed by this constitution, the federal treaty (of March 1992) and other treaties that delineate objects of jurisdiction and powers. The right to enter into bilateral treaties with individual subjects will allow the competitiveness of 1990-93 to continue as regions will wrestle for distinct ad-hoc privileges from Moscow. The resulting asymmetrical and unstable relationship between Moscow and subjects will further undermine federal authority and stable institution-building.

Two other provisions in the constitution also contribute to the possible emergence of an asymmetrical federation. First, the jurisdiction assigned exclusively to the federal government by Article 71 are rather limited, while the joint jurisdiction listed in Article 72 are extensive.\(^{32}\) Secondly, Article 78.2 allows executive organs of the federal government by mutual agreement to transfer a portion of their powers to the executive of the regions and republics, while Article 78.3 allows the executive organs of the regions and republics to transfer a part of their power to the federal government. These provisions allow for the development of asymmetry in

\(^{32}\) See provisions relating to federal structure in Chapter 3 of the constitution.
relations between Moscow and the subjects which will further weaken the federal government.

c. Indeterminacy and Internal Contradictions

Some argue that the division of powers between central and regional governments is not clear. Article 72 identifies a host of issues that fall under the joint jurisdiction of both federal government and sub units. These include ensuring that local constitutions and charters are consistent with the federal constitution, protecting civil liberties and human rights including ethnic minorities, preservation of order, question of ownership of land and natural resources, state property and general principles of taxation, etc. Critics contend that these important tasks will, in practice, be difficult to resolve jointly and the result will be another round of war of laws between federal government and regional governments intending to assert their respective authority.

Another example of indeterminacy pointed to by critics is the failure of the constitution to resolve the most serious problem of inter-governmental relations in taxation and revenue sharing. The provision of the new constitution relating to exact word of "general principles of taxation, collection and levying" is vague and gives rise to conflict between the two levels.
d. Preservation of Russia's Internal Borders

Many Russian as well as western analysts have argued that the drafters of the constitution should have redrawn Russia's internal borders so that all constitutive units would be defined without regard to ethnicity. It is argued that the combination of territorial recognition and preferential treatment will entrench ethnic identity and make ethno-politics and ethnicity (ethnic conflict) a constant feature of Russian politics. It would have been better to have reconfigured the constituent parts of the new federation into *Zemli, Gubernias* or some other unit without regard to ethnicity thereby strengthening the federal structure.


In response to these criticisms, it is argued that no matter how well designed, no constitution could decisively and promptly resolve Russia's current inter-governmental conflicts. Secondly, no constitution, however elaborate, can address every possible area of conflict as every constitution includes a measure of vagueness and contradictory provisions. Finally, in defense of federal provisions of Russia's constitution it can be said that constitutions matter only to the extent their provisions are obeyed or enforced. In this sense, Russia's constitution may lead to a sound development of federal institutions only if its provisions are enforced.
As to the criticism relating to excessive powers for the federal government it is argued that the new Russian constitution does not establish a unitary state. Russia is one of the variants of federal state as federations differ considerably in terms of the types of powers assigned to the central and sub-federal authorities as well as other factors.

If the Russian constitution successfully constraints political behaviour, the regime it establishes will certainly qualify as federal. Article 1 asserts that Russian Federation is a democratic and federal state based on rule of law, with a republican form of government, Article 5.1 states that the federation is "composed of republics, oblasts, krais, federal cities, autonomous oblasts and autonomous okrugs" - the subjects of Russian Federation and Article 5.3 states that the federal structure of Russia is based on a division of competencies and powers between the organs of state power of the Russian Federation and organs of state power of the subjects of federation. Chapter 3 of the constitution goes on to define different jurisdictions and powers of federal and regional governments.

Regarding the priority of the federal constitution, Article 4.1 states that the "sovereignty of the Russian Federation extends to the entirety of this territory". While Article 4.2 states that the federal constitution and federal laws have supremacy throughout the territory of the Russian Federation, regional autonomy and fiscal federalism have been the central
issues in the tug of war between the Kremlin and the regions. Yeltsin was reluctant to accept the political autonomy of areas where his political opponents were in power and continued to appoint local administrators which violated letter and the spirit of the constitution. The constitution has provided for a unified system of executive powers (Article 77.2). Article 77 particularly states that the structure of government in the regions is determined by the regions themselves, in accordance with the foundations of constitution and general principles to be established by federal law. Thus much depends on the enforcement of the constitution.

The excessive power granted to sub-units is also defended on the ground that Russia's current circumstances make it wiser to leave open the possibility of negotiated political solution to existing disagreements. The attempt to arrive at a final and decisive legal solution through well-defined, just and lasting general regime may not be possible in the short run.33

The loose division of powers between the central and the regional governments is not necessarily a flaw. Vagueness contributes to flexibility. Stephen Holmes and Cass Sunsten have argued persuasively that regimes in transition are wise to build flexibility into their constitutions.34 While

33 Yeltsin adviser Emil Dayin has argued 'Anyone who today takes a position of legal dogmatism insisting on a tough line with respect to republics, is objectively promoting the rebirth of separatism'.

34 As stated in a paper on regional strategy written in late 1993 by three key Yeltsin advisers. "The Russian Federation must be reborn on a federal basis, but not all at once-rather it should be done in stages". The paper makes it clear that five fundamental bans (Zaprety) are the basis of federal relations (1) ban on secession (2) ban on unilateral changes in status of a
rule of law and democracy need to be entrenched, the rapidly changing environment and high political stakes make it dangerous to establish rules that are fixed too quickly.

Federalism has long been at the heart of Russia's institution building and constitutional order. Since the earliest years of Soviet rule the union's shape and character have been hotly debated and carefully constructed to serve the regimes' political goals. Federal structure remains central for modern Russia, too.

The 1993 constitution most significantly impacted on federalism with its equalization of the status of the various constituent subjects. Article 5 (4) declares that all subjects of the Russian Federation in relation to the federal bodies of state power are legally equal among themselves. In a significant break with the past practice, the ethnic republics no longer enjoy a privileged status as regards taxation and natural resource control vis-a-vis the non-ethnic regions. Unlike the regions, the republics have retained the language rights under Article 68(2), but they have lost their sovereign status as well as dual citizenship authority. More important in contemporary Russia, the republics' autonomous control over taxation and natural resources has been dramatically reduced.

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subject (3) a ban on the transformation of administrative borders into state borders (4) ban on non-democratic form of government within federation and (5) a ban on local laws that violate the federal constitution or conditionally legitimate federal laws, see Edward W. Walker, "Federalism-Russian Style", Problems of Post-Communism, vol.42, no.4, p.10.
IV. CHALLENGES TO THE FEDERAL STRUCTURE IN RUSSIA

The working of the federal relations over the last few years shows that although the integrity of the Russian state is not really in jeopardy even despite the Chechen war, the Federation still faces some challenges. The first and the foremost pressing of these issues is to resolve the complicated and unpredictable nature of fiscal relations between centre and periphery.

(i) Troubled Fiscal Federal System

The confusing history of fiscal federal relations shows that regional governments have become accustomed to withholding tax revenues from Moscow when necessary. Even if the problem today is not as it was in 1992-1993, still many regional governments are pursuing to implement independent tax policies, often in direct contradiction to Moscow. Again, the practice of establishing permanent delegations in Moscow to pressurize revenue sharing demand and the practice of signing bilateral agreements has led to new and independent regional tax regimes across Russia. Finally, the twenty-one constituent republics of the Federation have come to expect preferential treatment by Moscow in financial relations. This has served to further exacerbate tensions between the oblast and republic levels as well
as to further undermine the foundation of federal, particularly fiscal federal relations in Russia.

The various aspects of an effective fiscal federalism is one of the highest priority for Russia today. As trade barriers are raised across the country, the federal government may require to exercise its authority to keep the nation economically united. This is critical to federation's economic viability as well as that of the constituent parts.

(ii) Unequal Treatment of the Federation's Constituent Units

The most important challenge facing Russia today is the unequal treatment of different levels of the federation's constituent units. As mentioned in this chapter earlier, one of the most troubling aspects of the legacy of Soviet system for the development of Russian federal system is the continuing problem of balancing the claims of ethnic versus non-ethnic republics. While the Russian Constitution declares 89 constituent units of the federation 'equal', the Federative Agreements of 1992 establish an unequal system and these agreements have still not been nullified. The result of this persistently uneven treatment by central government has led the regions to signing of bilateral power sharing agreements with Moscow. This practice has succeeded in further eroding central powers over regional
governments and has reinforced the unpredictability in centre-periphery relations.\textsuperscript{35}

(iii) **Lack of Penetration of National Political Institutions into the Periphery**

Lack of penetration of national political institutions like political parties into provincial politics and the proper decentralization and devolution of power presents a further challenge to the federal structure in Russia. In Russia political parties which contested the national parliamentary elections in 1993, 1995, 1999 were largely based in Moscow and St. Petersburg. With the exception of Communist Party of Russia, these parties are weakly organized and poorly represented at the subnational level.\textsuperscript{36} In spite of its consistent decline in recent years, the Communist Party is the only pan-Russian Party. Rest of the political parties are restricted to specific regions only. As a result, local elections are contested without the participation of national political parties and coherent party platforms. Much depends on the personages of the Presidents of ethnic republics and Governors of the regions and territories. This sort of personality politics has further weakened the emergence of well-integrated federal institutions and a strong federal state.

\textsuperscript{35} See Stoner - Weiss, n.2, p.249.

\textsuperscript{36} See ibid., p.250.
Devolution and decentralization of power is critical to emergence of constitutionalism from below. The period of Perestroika from 1985 to 1988 reflects, Nina Belyaeva, was an initial era of system reconstruction controlled by Gorbachev only after which lasting institutions began to emerge from below. This shift was necessary if the people were ever to understand and respect the law. In the new Russia, the evolution of constitutionalism along with stable political institutions continues to depend on solving grassroot political problems.

Curtailment of regional rights and reliance on a vertical power structure will only exacerbate secessionist tendencies in the Russian Federation and deprive the federal government of the broad local support it will need to implement market oriented economic reform successfully. Some kind of viable decentralization is needed to encourage the regions and republics to co-operate in implementing economic reform. One can not proceed with market reforms and democratization without decentralizing the whole country.

In conclusion, it can be said that on the basis of the present constitution, notwithstanding few provisions with its long list of poorly

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38 Mishin, Interview of 14 August 1993, quoted in ibid.
39 See Tolz Vera, Meeting Reports (The Woodrow Wilson Center), vol.XI, no.4, p.1.
defined areas of joint jurisdiction (Article 72), federal structure can play a constructive role in the development of constitutionalism and limited government. Russia may now move on to create a true federation that will encourage experimentation and diversity together with co-operation and unity, the hallmarks of effective federal unions such as the United States.

The problem with the Russian Federation does not end with whether Russia's institutional structures, procedures and conventions fulfill the formal credentials of a federal democracy. As experience in successful federal countries show, for a federation as a particular organizational form of governance and its institutions to work successfully, it also requires a set of socially held values and beliefs predicted on an understanding that unity through diversity is best reflected in federation. This is what is often referred to as a true federal state. For a federation to endure, it requires a social commitment to the federal idea in which regional identities are held to be simultaneously national and local in scope. Moreover, as Burgess notes:

> the genius of federation lies in its infinite capacity to accommodate and reconcile the competing and sometimes conflicting array of diversities having political salience within a state. Toleration, respect, compromise, bargaining and mutual recognition are its watchwords and 'union' combined simultaneously with autonomy its hallmark.\(^{40}\)

\(^{40}\) M. Burgess, "Federalism and Federation: A Reappraisal" in M. Burgess and A. Gagman eds., *Comparative Federalism and Federation, Competing Traditions and Future Directions* (Harvester, 1993), p.7.
Federal idea based on 'checks and balances' will take some time to take roots in post-Soviet Russia as pluralist democracy has little opportunity to develop either at the centre or in the regions. A recent presidential working paper on 'Russia's Regional Problems' noted that Russia needs to create an environment capable of sustaining and stimulating the democratic process. Hence the federal question in Russia is directly related to the success of democracy and market economy.

In the final analysis, the best way for Russia to preserve its territorial integrity would be to concentrate its energies on democracy, building a structured party system at the federal level, establishing a strong institutional base at political level and a sound currency and creating a common economic sphere. On the other hand, if Russia's economy continues to deteriorate and its new political institutions fail to consolidate themselves or if the Russian State is unable to establish order and combat crime, Russia would continue to face grave dangers.