

“What Happened to Russian Federalism?: Federal Reform under Putin and Medvedev”*

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1. Introduction

The Constitution of the Russian Federation unequivocally identifies itself with a federal state declaring as follows: ‘The Russian Federation – Russia shall be a democratic, *federative*, law-based state with a republican form of government’(Article 1). Indeed, in terms of constitutional arrangements, there is no denying that Russia is a federative system. However, in the minds of many scholars and commentators both inside and outside Russia a simple but important question may arise: At the moment, is Russia a federal state?

For instance, in the aftermath of introduction of the law on the appointment of governors of 2004, some protesters in Russia appealed to the Constitutional Court, arguing that the law violated their “constitutional right to live in a federal state.”¹⁾ Also, a commentator maintains that after experiencing political chaos due to the fragmentation of state power during the 1990s, Russia came to introduce a leviathan, a strong political entity, to overcome such a state of nature. However, such a new leviathan, unlike the Thomas Hobbes’ idea, has not been created from below through individuals’ consents

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1) William E. Pomeranz (2009), “President Medvedev and the Contested Constitutional Underpinnings of Russia’s Power Vertical,” *Demokratizatsiya*, Vol. 17, № 2 (Spring), pp. 181-182.

and social contract, but from above through contrivances by a handful of political elites in the center.²⁾ Russia for now is mostly believed to be almost a unitary state.

On the other hand, there exists a slightly different interpretation of the nature of Russian federalism. That is, from a legal view point, some commentators maintain that Russia remains federal since its legal processes preserve the federal character of the state and the federal Constitution remained virtually unchanged since its adoption in 1993.³⁾

This paper delineates changes in Russian federalism under Putin and Medvedev. Given that federalism is territorial, spatial distribution of state power, this paper focuses on the balance of power between the different levels of governments and its dynamics during the Putin and Medvedev period. And also, this study looks into the similarities and differences between Putin's federal policies and those of Medvedev.

Taking the general principles of federalism and the spirit of the Russian Constitution into consideration, this paper raises the question of how we can evaluate reforms on federalism and policies on the center-periphery relationship. Based on the above research question, this paper is designed to analyze the federal reform (or centralization campaign) by Putin's and Medvedev's positions and policies regarding federalism and center-regional relations. In particular, in search of the possibilities for changes in the center-periphery relations in the foreseeable future in Russia, this paper addresses Medvedev's policy on federalism in the context of his ambitious plan for establishing a new 'power vertical' through implementation of modernization project. And thus, the prospects for Russian federalism in connection with the changes in the political leadership and political landscape in Russia will be touched on briefly in conclusion.

2) Vladimir Gel'man (2009), "Leviathan's Return: The Policy of Recentralization in Contemporary Russia," in Cameron Ross and Adrian Campbell (eds.), *Federalism and Local Politics in Russia* (London and New York: Routledge), p. 19.

3) Jeffrey Kahn, Alexei Trochev, and Nikolay Balayan (2009), "The Unification of Law in the Russian Federation," *Post-Soviet Affairs*, Vol. 25, № 4, pp. 310-346.

2. Federalism in the Russian Constitution

A federal system is aimed at securing the autonomy of political units – components of the entire state – with institutional arrangements delineating competences and responsibilities of each layer of state power. In federalism members – components of the federative system, or federal subjects – are empowered with a legitimate claim for some level of autonomy and self-rule. Federalism makes it possible for each of the sub-national units to represent its own unique characteristics and to claim its own sphere of political influence and administrative jurisdictions in the nation regardless of each member’s territorial, demographic, or economic standing. From this point of view, decentralization of state power is a necessary condition for the federal system.⁴⁾ In a similar vein, the measure of political integration under genuine federalism is not the strength of the center as opposed to the provinces, but the strength of the framework by which the powers and responsibilities of each level of government are distributed and coordinated harmoniously on the basis of clear and just rules and laws.⁵⁾

On the other hand, federalism is generally aimed at integration of smaller, more vulnerable, fragmented political units into a larger, more effective, unified political system. And the maintenance of cohesiveness among federal units is considered as one of the most important characteristics of a federative system. Therefore, contemporary federalism tends to impart considerable authority to the central government to meet various requirements for maintaining the unified political entity. According to William Riker, individual political units hold together to create larger entities “because the combining governments and their citizens want to gain some advantage that only big government can bring. To

4) Aleksei Avtonomiv (2003), “Principles of Federalism in Russia and USA: Comparative Aspect,” *Kazan Federalist*, Vol. 4, № 8, cited from Duckjoon Chang (2005), “An Assessment of Russian Federalism during Putin’s Presidency,” *Korean Political Science Review*, Vol. 39, № 4, pp. 153-173.

5) Daniel J. Elazar (1987), *Exploring Federalism* (Tuscaloosa: University of Alabama Press), pp. 12-14.

gain the advantage, of course, the big government must be effective enough in operations such as taxing and defense to sustain itself.”⁶⁾ While ancient and medieval types of federalism, in which the central governments were not strong and effective enough to conduct such fundamental things as taxation and defense, in the contemporary type of federalism, a robust and effective central government coupled with the maintenance of cohesiveness among the federal units is regarded as quintessential to the existence of the political system.

As such, a federal system has two faces: mechanism for decentralization and that of centralization. According to the Constitution of the Russian Federation, federal units are entitled to discretionary and exclusive authority over certain matters that cannot be overruled from above.⁷⁾ Article 77.1 of the Constitution states that: “[t]he system of bodies of state authority of republics, territories, regions, cities of federal importance, the autonomous region, and autonomous area shall be established by the region, and autonomous area shall be established by the subjects of the Russian Federation and the general principles of organization of the representative and executive bodies of state authority as specified by a federal law.”⁸⁾ With regard to the local autonomy, Article 12 of the Russian Constitution declares: “In the Russian Federation local self-government is recognized and guaranteed. Within the limits of its powers local self-government is independent. Bodies of local self-government do not form part of the system of bodies of state power.”⁹⁾

6) William H. Riker (1975), “Federalism,” in Fred I. Greenstein and Nelson W. Polsby (eds.), *Handbook of Political Science: Governmental Institutions and Processes*, Vol. 5, Reading, MA: Addison-Wesley Publishing Company, p. 111.

7) Dmitri Mitin (2008), “From Rebellion to Submission; The Evolution of Russian Federalism under Putin,” *Problems of Post-Communism*, Vol. 55, № 5 (September/October), pp. 49-61.

8) Vladimir V. Belyakov and Walter J. Raymond (ed.) (1994), *Constitution of the Russian Federation: With Commentaries and Interpretation by American and Russian Scholars* (Lawrenceville, VA and Moscow: Brunswick Publishing Corporation & Russia’s Information Agency–Novosti), p. 45. Also see *The Constitution of the Russian Federation*, <http://eng.constitution.kremlin.ru>, accessed on December 8, 2012.

On the other hand, the Russian Constitution also points to the necessity for maintaining coherence and unity of state power. Article 77.2 of the Constitution states as follows:

“Within the Russian Federation’s jurisdiction and its powers arising from the joint terms of reference of the Russian Federation and the members of the Russian Federation, federal executive bodies and the bodies of executive authority of the members of the Russian Federation shall form a single system of executive authority in the Russian Federation.”¹⁰⁾

In a similar vein, Article 15.1 points to the supremacy of the Federal Constitution and Article 8 makes sure that the Russian Federation should maintain a single economic space.

In this context the federal government is endowed with a wide range of prerogatives for state affairs. Article 71, for instance, gives the federal government exclusive powers over a broad range of national policies including the national economy, federal budget, federal taxes and duties, and foreign and defense affairs. And Article 72 stipulates the scope of policy arenas for which the federal government and regional governments share the prerogatives and responsibilities. In such arenas are included the making sure of conformity of legal arrangements of federal subjects to the Constitution, the protection of human and civil rights, questions related to the possession, use and disposal of lands, minerals, water and other natural resources, the establishment of general principles for taxation and levies in the Russian Federation, and so forth.¹¹⁾

Meanwhile, the issue areas in which members of the federation enjoy exclusive privileges are only residual. Article 73 of the Constitution declares: “Outside the Russian Federation’s scope of authority and the powers of the Russian Federation arising from the joint terms of reference

9) *Ibid.*, pp. 19-20.

10) *Ibid.*, p. 45.

11) *Ibid.*, pp. 41-42.

of the Russian Federation and the members of the Russian Federation, the members of the Russian Federation shall enjoy full state power.”¹²⁾ As such, the Constitution by and large distributes state powers between the center and regions the effect that a large portion of the state powers should be wielded by central government, with some residual powers rested in members of the federation.

Taken together, it seems that under the spirit of federalism the task of guaranteeing unity and integrity of state power on the part of the central government should be balanced with the autonomy of members of the federal system. To date, the realities in Russian federalism, however, have been quite different from such a constitutional norm in Russia. Constitutionally, in Riker’s terms, the Russian Federation falls into the category of centralized federalism. Moreover, actual ‘balance of power’ in the center-periphery relationship since the early 2000s has been clearly skewed toward the former. In the following sections, I will analyze directions in which Russian leaders were heading for in managing the federal system and the center-periphery relationship in Russia over the last decade or so.

3. Federal Reform during the Putin Era

Russia basically took over federative structure of the Soviet Union. Based on the Soviet style dual structure, the contemporary Russian federalism is predicated on two principles: administrative territorial principle and ethno-national principle. Due to this dual structure coupled with Yeltsin’s amorphous, politicized approach to the center-periphery relations, Russian federalism during the 1990s was characterized by asymmetric relations among federal subjects where the republics composed of titular ethnic groups were enjoying by far much privilege than other federal subjects. Also since actual relationship between the Kremlin and regional bosses frequently proceeded

12) *Ibid.*, p. 43.

with negotiations and deals behind the scene, federalism during the Yeltsin era is dubbed as ‘negotiatory federalism.’¹³⁾ As such, because regional bosses to a large extent eclipsed the influence of the central government, the unified nature of the Russian Federation as a whole remained quite unclear and questionable during the 1990s. There were substantial violations of the Constitution and federal laws by the federal subjects. Also, the central government lacked the capability to coordinate conflicts between the center and the federal subjects as well as those among sub-national political entities.¹⁴⁾ Before the economic crisis of 1998, the central government did not, and was not able to control regional governments; and the latter was not a major concern for political elites at the federal level.¹⁵⁾

After Putin came to power with the slogan of ‘a strong Russia,’ the whole picture about Russian federalism became totally transformed. A very aggressive campaign for centralization of state power fundamentally changed the political landscape in the regions as well as in Moscow. After 2000, the regional elites lost the ability either to formulate or to assert any collective interest – which used to be widespread in the form of regionalism during the 1990s – and did little to block the center’s policy of centralization.¹⁶⁾

Putin, during early years of his presidency, substantially reduced the competence of governors by depriving them of *ex officio* membership of the upper chamber and the privilege of immunity from criminal prosecution. He further pressured regional leaders to strictly comply with federal laws. Also, Putin successfully strengthened the central government’s control power in the fiscal arena vis-à-vis federal subjects. In addition, the Putin administration managed to curtail so-called ‘asymmetric federalism’ by imposing supremacy

13) Cameron Ross refers to such a phenomenon during the 1990s as “highly politicized ‘contract form’ of federalism.” See Cameron Ross (2009), *Local Politics and Democratization in Russia* (London and New York: Routledge), p. 2.

14) I. A. Konyukhova (2004), *Sovremennyi rosiiskii federalizm i mirovoi opyt: itogi stanovleniya i perspektivy razvitiya* (Moskva: Gorolets), pp. 245-247.

15) Gel’man (2009), p. 7.

16) *Ibid.*, p. 9.

of the federal Constitution and federal laws on the region and abolishing political and economic prerogatives enjoyed by select federal subjects.¹⁷⁾ After getting reelected as president in March 2004, Putin further consolidated the Kremlin's control over the regions through various new institutional arrangements.

3.1. Political Reform of 2004

The federal government's centralization drive became even intensified during Putin's second term. For instance, on September 13th, 2004, right after a series of terrorist attacks including the Beslan tragedy committed by Chechen separatists, Putin announced his plan to tighten Moscow's control over regions "in order to cope with terrorism efficiently." Among other things, he proclaimed that popular elections for governors would be scrapped. Instead, regional leaders are supposed to be nominated by the president of the Russian Federation and then will be confirmed by the regional legislative bodies. Dominated by the pro-Kremlin party, "United Russia," with more than 300 seats out of 450 seats, the State Duma swiftly pushed for the legislation procedure. Only in a couple of months after the submission of the legislation proposal by the president, it was passed in the State Duma and in the Council of Federation on December 3rd and December 8th, 2004 respectively.¹⁸⁾ According to the legislation proposal, popular elections for executive leaders in the federal subjects will be abolished. Instead, the President of the Russian Federation will recommend a candidate to the regional legislature no later than 35 days

17) For more details on federal reform during Putin's first term, see Duckjoon Chang (2005), "An Assessment of Russian Federalism during Putin's Presidency," *Korean Political Science Review*, Vol. 39, № 4, pp. 153-173.

18) This law (2004 № 159-ФЗ) is made up of a series of amendments to the existing laws; "Ob obshchikh printsipakh organizatsii zakonodatel'nykh i ispolitel'nykh organov gosudarstvennoi vlasti sub'ektov Rossiiskoi Federatsii" and "Ob osnovnykh grantiyakh izbiratel'nykh prav i prava na uchastie v referendume grazhdan Rossiiskoi Federatsii," *Rossiiskaya gazeta*, December 15, 2004.

ahead of expiration of the incumbent regional leader’s term. The regional legislative body must vote on the candidate appointed by the president in the course of 14 days after the submission of presidential recommendation to the regional parliament. If a regional parliament rejects the appointed candidates three times consecutively, the president can dismiss the regional legislative body.¹⁹⁾

Putin also proposed that popular elections for the State Duma deputies (225 posts in the whole country) in the single-member district should be replaced by elections in the form of proportional representation. That is, the legislation proposal demanded that all of the 450 seats in the State Duma should be elected only through the party list.²⁰⁾ Thus, this particular legislation eliminated the possibilities of independent politicians’ claiming to lawmakers, and made it even more difficult for smaller parties to earn the parliamentary seats. This legislation proposal was originally advocated by Aleksandr Vneshnyakov, Chairman of the Central Elections Commission, on the ground that the parliamentary elections based on only party lists may foster favorable conditions for developing large and solid parties representing a wide range of different interests in Russian society.²¹⁾

Putin justified the proposal as a necessary response to the Beslan school hostage seizure and other terrorist attacks. However, it is said that such ideas had been discussed and prepared well before the terrorist attacks of August-September 2004.²²⁾ However, critics of this legislation argued that it would further consolidate the Kremlin’s control over the lower house and ensure that it would continue to operate as a rubber stamp and a junior partner of the Kremlin. Through the reform of the Federation Council in 2000, Putin

19) Aleksandr Kynev (2008), “Tretii shans federalizmu,” *Nezavisimaya gazeta*, March 18.

20) The State Duma on April 15, 2005 gave its approval in the second reading of the legislation proposal with the voting results of 335 to 96. *Moscow Times*, April 18, 2005.

21) *LENTA.RU*, December 8, 2004, available at <http://lenta.ru/russia/2004/12/08/putin>, accessed on April 26, 2012.

22) *Vremya*, September 14, 2004.

succeeded in emasculating the upper house. Despite strong backings from many politicians including incumbent regional bosses, Putin's plan immediately aroused grave concerns and criticisms about hyper-centralization of state power in the hands of the Kremlin, which is believed to be a serious threat to democracy in general, and federalism and local autonomy in particular. Moreover, critics argued that the proposed abolition of gubernatorial elections and individual races for Duma seats would further weaken public control over the inefficient and corrupt government, because without intra-party democracy the parliamentary elections solely through the party list would produce loyalists to the Kremlin or party bosses with the lack of accountability to voters.²³⁾

3.2. The Installation of UR into Regions

The existence of effective national parties is an important prerequisite to a stable federative system. In particular, political parties may serve as an important instrument for national integration without which a country may be degenerated into territorial fragmentation.²⁴⁾ Thus, a strong party system is believed to contribute to the stabilization of political order in such countries as Russia where territorial and ethnic diversities prevail. However, the coupling of centralization efforts by the federal government and the strengthening of the party of power – the ruling party – may lead up to a different situation, resulting in controversy over whether it is a harmful development for federalism and democracy. Centralization – the vertical integration of state

23) Mikhail Delyagin, "The Power Vertical is Built on Sand," *Moscow Times*, October 11, 2004.

24) With respect to this aspect, there are two contrasting views: First, William Riker, based on American experiences, considers decentralized parties as the best means to guarantee territorial representation within the federal system. William Riker and Ronald Schaps (1987), "Disharmony in Federal Government," in William Riker (eds.), *The Development of American Federalism* (Boston: Kluwer Academic Publishers), pp. 73-79. On the other hand, an important task of political parties is considered to be effective means for the enhancement of stability-cementing political cleavages and fragmentation. See Stoner-Weiss (2002), pp. 125-146.

power – driven by the Putin government and its political engineering to make ‘the party of power,’ currently the United Russia party, dominant in the federal assembly are the case.

During the 1990s, regional legislatures had generally been dominated by executives, powerful business or other local elites rather than effective parties. In search of building up vertical structure of state power, Putin needed to replace such practices in the regional parliaments by putting them into the national party system. As a result, the 2001 law on parties abolished the right of regional parties to be registered as political parties at the regional and local levels by making the only parties who satisfy the requirements for nation-wide parties eligible for registration.²⁵⁾ At the same time the Kremlin strongly encouraged regional bosses to join the ‘party of power,’ United Russia.²⁶⁾ The expansion and consolidation of United Russia’s party structures in Russia’s regions during 2003-2004 provided the Kremlin with further leverage over regional executives by allowing the federal government’s leadership to get “access to various political assets and thereby changing the very nature of ‘administrative resources.’²⁷⁾ While United Russia leaders have actively pushed mayors to join the party, United Russia at the regional level remains a party dominated by governors.²⁸⁾

25) Sakwa (2008), p. 278.

26) During the period of 2003-2007 almost all governors were invited to become members of the United Russia party. In the months preceding the 2003 Duma elections 28 governors were asked to head the regional lists of United Russia serving as “*parovoz* (locomotive).” At approximately the same time, many of the regional organizations of UR came under the control of governors. In the 2007 Duma elections the number of governors heading the party’s regional lists became as large as 65. See Darrell Slider (2010), “Politics in the Regions,” in Stephen White, Richard Sakwa and Henry E. Hale (eds.), *Developments in Russian Politics* 7 (Durham, NC: Duke University Press), p. 179.

27) Andrew Konitzer and Stephen K. Wegren (2006), “Federalism and Political Recentralization in the Russian Federation: United Russia as the Party of Power,” *Publius: The Journal of Federalism*, Vol. 36, № 4 (May), pp. 503-522.

28) In contrast, the Justice Russia party began to position itself overtly as the ‘party of mayors’ after it became obvious that this was an important base of recruitment

As such, political leaders in the federal government are able to indirectly exert their influence over the upper house of the federal assembly – the Federation Council. Leaders in the Kremlin and the federal government are involved in selecting representatives to the Federation Council through the United Russia party, putting pressure on governors and regional legislatures to select those candidates whom political leaders in the federal government favor.²⁹⁾

New electoral law amended in July 2002 stipulates that regional bosses should be elected in at least two rounds. And according to the law from July 2003 half of members of regional assemblies are supposed to be elected from party lists proposed by national parties, while the other half are elected from single-member districts. As a result, federal political elites in Moscow came to be able to exert more influence over regional elections. In particular, the Kremlin, based on the predominant position of United Russia, managed to craft a homogeneous political space in the whole country.³⁰⁾ The central leadership managed to place governors under the influence of the United Russia, at the same time allowing them to take initiative on United Russia party organizations at the regional level.³¹⁾ As such, Putin and his team successfully concentrated state power on a handful of federal state organs in Moscow.

3.3. Merging of Federal Subjects

A new legislation was adopted in 2001 to promote the merger of federal subjects.³²⁾ In accordance of the new law, five such mergers involving six

for the party. Slider (2010), p. 185.

29) For example, in March 2010, allegedly faced with direction from United Russia's central organs, Primorsky Krai Governor Sergei Darkin withdrew his own original candidate for the Federation Council, and nominated another candidate without proper explanation. Robert Coalson (2010), "What's Up In the Upper Chamber?" *Radio Free Europe-Radio Liberty*, May 7, http://www.rferl.org/content/Whats_Up_In_The_Upper_Chamber/2035591.html, accessed October 12, 2012.

30) Sakwa (2008), p. 278.

31) Slider (2010), p. 180.

regions had taken place by March 2008. This merger resulted in the reduction of the number of federal subjects from 89 to 83. As indicated in <Table 1>, all of the mergers turned out to be unification of autonomous okrugs – which were embedded in other federal subjects – with their ‘mother’ regions, beginning with the integration of Komi-Permyak autonomous okrug into Perm Oblast.

At a press conference in 2007, Putin maintained that “any territorial changes, whether mergers or separations, can only go ahead if this is the will of the citizens.”³³⁾ Nevertheless, these mergers have been driven by the federal government’s initiative in the face of ethnic resistance, catering to the interests of ruling elites rather than ordinary residents.³⁴⁾ Unless regional bosses accepted the Kremlin’s merger plan, they had no choice but to be punished for their choices. Governors of Yamalo-Nenetsk and Koryak autonomous okrug, for instance, refused to support the merger of their regions with neighboring territories, which resulted in their dismissals.³⁵⁾ In contrast, the Kremlin in some cases interfered with attempts at merging regions to neutralize the bottom-up the efforts on the part of regional bosses and economic elites. For instance, Moscow rejected the proposal by a number of financial-industrial groups to merge Tyumen Oblast and the Khanty-Mansiskii and Yamalo-Nenetskii autonomous okrugs in fear of the possibility that such a ‘super-region’ would have been too powerful to control.³⁶⁾ While Putin’s policy of merging Russia’s regions was apparently aimed at enhancing

32) Sakwa (2008), p. 279.

33) Vladimir Putin (2007), “Transcript of Press Conference with the Russian and Foreign Media,” February 1, Round Hall, Kremlin, Moscow, available at [http:// president.kremlin.ru/eng/speeches/2007/02/01/1309_type82915type82917_117609.shtml](http://president.kremlin.ru/eng/speeches/2007/02/01/1309_type82915type82917_117609.shtml), accessed on May 23, 2012.

34) Elena Chebankova (2007), “Implications of Putin’s regional and demographic policies on the evolution of inter-ethnic relations in Russia,” *Perspectives on European Politics and Society*, Vol. 8, № 4, p. 442.

35) *Ibid.*, p. 444.

36) Gel’man (2009), pp. 12-13.

administrative efficiency and stability in federalism by mainly reducing the number of ethnic republics, such as Kremlin's policy initiatives brought about substantial resistance from some ethnic republics such as Adygeya,³⁷⁾ which is expected to make further plan for merging regions complicated.

<Table 1> Mergers of Russian Regions during the Putin Era

Referendum Date	Merger Date	Merging Regions	New Merged Region
December 7, 2003	December 1, 2005	Perm Oblast + Komi-Permyak Autonomous Oblast	Perm Krai
April 17, 2005	January 1, 2007	Krasnoyarsk Krai + Evenk Autonomous Oblast + Taimir Autonomous Oblast	Krasnoyarsk Krai
October 23, 2005	July 1, 2007	Kamchatka Oblast + Koryak Autonomous Oblast	Kamchatka Krai
April 16, 2006	January 1, 2008	Irkutsk Oblast + Ust-Orda Autonomous Oblast	Irkutsk Oblast
March 11, 2007	March 1, 2008	Chita Oblast + Agin-Buryat Autonomous Oblast	Zabaykal Krai

Source: *Wikipedia.com*, available at http://en.wikipedia.org/wiki/Federal_subjects_of_Russia, accessed on May 12, 2012.

3.4. Reform in Local Self-Government

In September 2001, Putin formed a presidential commission in charge of proposing changes in legislation regarding local self-government in Russia. In October 2002, the commission proposed that the practice of 'unfunded mandates (нефинансируемый мандат),' administrative responsibilities imposed by the federal government or regional government on the regional authorities or local self-governments without sufficient allocation of resources to implement them should be gradually abolished.³⁸⁾

37) Ross (2009), pp. 24-25.

38) This practice, prevalent during the 1990s, was caused by the fact that because of

To date, the local governments have been held responsible for a wide range of administrative services such as housing, social protection, education, healthcare, municipal police, and cooperation with foreign municipalities regarding welfare services. Regardless of such a high level of burden on the municipalities, they have not been provided with sufficient budget resources. For instance, in 2003 the portion of budget incomes on the part of local self-governments held 23% of the consolidated state budget expenditures, while that of budget expenditures amounted to 32% of the consolidated state budget expenditures. Thus, local governments demanded that the existing portion of tax incomes from the localities (8% of the consolidated budget revenues) should be increased to 17% of the total national tax incomes.³⁹⁾

Apparently, the new legislation provided the localities with more autonomy in that the new law prohibited regional governments from arbitrarily interfering with organs of the local government by delimiting delegated powers of the former over the latter (Article 26.3 of 2003 № 95-Ф3). Yet, with respect to the administrative activities mandated by Moscow – payments of medical doctors and teachers, for example – the federal government may control the local government, bypassing the regional governments.⁴⁰⁾ Moreover, Moscow has the upper hand of regional and local governments. For example, under the new tax code, the federal government along with the regional government

its weakness the amount of the federal government’s fiscal revenues was not large enough to fund social benefits and public services for Russian citizens on its own. The practice of ‘unfunded mandate’ imposed on local administrations by the regional government had been a heavy burden upon the localities. Thus, such practice became high on the list of federal reform. For example, by the end of 2000 the Federal Constitutional Court ruled that because the Charter of Kurskaya Oblast, allowing for transferring the social welfare responsibilities to the localities without providing proper budget, violated the federal Constitution, it must be amended (*Rossiiskaya gazeta*, December 19, 2000).

39) S. S. Sobyenin (2003/2004), “Mestnoe samoupravlenie v rosiiskoi federatsii: sostoyanie i perspektivny razvitiya,” *Politiya: Analiz, khoronika, prognoz*, № 4, p. 36.

40) Irina Nagornykh (2002), “Peremena mestnykh slagaemykh,” *Kommersant’ vlast’*, № 36, September 16-22.

may intervene in the fiscal affairs at local level by setting regulations and guidelines for expenditures.⁴¹⁾ According to the new legislation proposal, the degree and range of discretion with which regional governments can interfere in the administrative affairs at the local level was reduced substantially.

Meanwhile, federal government's recent reform in local self-government and fiscal reform may run the risk of rendering benefits including social protection for local residents endangered by transferring expenditure responsibilities to regional and local governments, while Moscow monopolizes the privilege of taxation policy.⁴²⁾ For example, the law on monetization of benefits (2004 № 122-Φ3), which took effect on January 1, 2005, not only aroused nation-wide demonstrations from pensioners, but also brought about outcry from regional leaders.⁴³⁾ In this way, the Putin regime tried to strengthen the federal government by curbing political and fiscal clout of regional and local governments, bringing inter-governmental relations into the frame of vertical structure of state power.

The influence of the regional powers vis-à-vis that of the localities became far greater now than it was several years ago and the autonomy of local self-governments became substantially constrained by regional leaders.⁴⁴⁾ For instance, the new law "On the Principles of Organizing Local-Self Government

41) Ross (2009), p. 25.

42) Chang (2005), p. 161.

43) Being composed of a series of amendments to the existing laws, this particular law was enacted to the effect that the existing benefits for pensioners, veterans, invalids, students, military personnel, and others – free or discounted transportation, medication, boardinghouse, and so on – should be replaced by partial cash compensations. Regional governments responsible for paying the cash compensations were not only troubled by tremendous financial burdens. Further, they also became a major target of protests from angry people. Faced with such a complicated situation, regional leaders voiced their complaints and concerns over the hastened reform policy. For example, former Moscow Mayor Yuri Luzhkov warned that the 'monetization law' would take Russian society apart. And Valentina Matvienko, former Saint-Petersburg Governor, referred to such an unduly difficult situation as "tsunami." *Utro.ru*, March 22, 2005, available at <http://www.utro.ru/articles/2005/03/22/420281.shtml>, accessed on May 25, 2012; *Nezavisimaya gazeta*, July 4, 2005.

44) Ross (2009), p. 105.

in the Russian Federation” of October 2003 (2003 № 131-ФЗ) calls for regions to ensure that there is an equalization of revenues across the different tiers of local government. That is, if a particular municipality is far behind in terms of financial capability, the local government is to get financial subsidies and transfers from the regional government. This reliance on subsidies and grants from above has severely limited the financial autonomy of local governments.⁴⁵⁾

Furthermore, governors lobbied for increased power over local officials, and many sought the same power that the central government had secured over them since Putin took power: appointment of mayors with formal approval by city councils. Eventually, based on the federal law on the local government of May 2009, they were given the prerogative to dismiss mayors who they believe violate the federal constitution and laws, or inflict negative effects on the state property and budget, or make other misconducts.⁴⁶⁾ Governors’ power was even consolidated through a change brought by the law that permits an alternative to the popularly elected mayors – election by the city council or appointment of a ‘city manager’ who would be hired to take over most of the mayor’s power. And half of seats in local councils would be elected through party list with which the influence of the party of power can be exerted under the leadership of governors. Also another legal arrangement under which mayors are prohibited from sponsoring particular newspapers in the localities was enacted by governors to constrain political influence of local bosses.⁴⁷⁾ As such, it seems obvious that Putin’s Kremlin was giving more favor to governors than mayors.

45) *Ibid.*, p. 103.

46) Stat’ya 74.1, Federal’nyi zakon “Ob obshchikh printsipakh organizatsii mestnogo samoupravleniya v rossiiskoi federatsii,” October 6, 2003, N 131-FZ. Revised May 7, 2009, N 90-FZ; Revised September 28, 2010, N 243-FZ.

47) Slider (2010), p. 184.

4. Center-Periphery Relations in the Medvedev Era

As Putin's hand-picked man as successor, Dmitry Medvedev was expected to steer Russia in the direction delineated by his mentor. Medvedev seemed to have more liberal political smack than Putin. However, under the tandem system where the president constitutionally stood above the government and at the same time a very popular prime minister, who was leading the ruling party with absolute majority of seats in the parliament, Medvedev's policy line was hardly deviated from that of the previous government. His policy on federalism and center-region relations was also the case.

While President Medvedev pointed to the necessity for reaching "an optimal balance in delimitation of powers between the federation and the regions,"⁴⁸⁾ with respect to the policy on federalism and center-regional relations, there have been almost no changes in the political system since Putin's second term. First, regarding the ethnic policy, Medvedev basically shared common perceptions with his predecessor. During Putin's presidency, the federal government had been opposed to the utilization of ethnic nationalism by any political factions in Russia. And during his tenure there was a series of laws prohibiting nationalist extremism and religious hatred.⁴⁹⁾ Instead, granting some cultural autonomy to ethnic groups, Putin kept on pursuing harmony among various ethnicities in an effort to preserve cohesiveness of Russia as a unified state. Meanwhile the Putin government implicitly played a dangerous game in utilizing ethnic Russian nationalism as a tool for political mobilization. For instance, while mobilizing pro-Putin citizens including youngsters through the 'Nash' organization and the *Rodina* Party, his government was quite indulgent toward ethnic Russian perpetrators including skinheads.⁵⁰⁾

48) "Russian President Medvedev's First Annual Address to Parliament," *BBC Monitoring Former Soviet Union*, November 5, 2008.

49) Peter Rutland (2010), "The Presence of Absence: Ethnicity Policy in Russia," in Julie Newton and William Tompson (eds.), *Institutions, Ideas and Leadership in Russian Politics* (New York: Palgrave Macmillan), p. 127.

50) Jeffrey Mankoff (2012), "Who's a Russian?," *Russia Problems*, Spring (March/April),

Medvedev also stressed the unity among various ethnic groups and regions. Giving policy mandates to the government to implement those policy proposals made in his first annual address to the Federal Assembly in November 2008, Medvedev underlined his intention to support the preservation of cultural tradition and identity of each ethnic group for the development of federalism in Russia.⁵¹⁾ To take another example, at the meeting of Presidium of the State Council – an advisory body of regional leaders – in February 2011, President Medvedev pointed out that a distinguishable identity of the Russian nation, as an arena embracing all components of ethnicities, should be formulated, while each ethnic group in the country is eligible for preserving its own identity and cultural tradition. He emphasized that since the resolution of tension and conflicts between regions and different ethnic groups is a prerequisite to the development of the country, the Russian leadership – regional as well as federal – should carry out the task of consolidation of the inter-ethnicity. Therefore, in Medvedev’s view, one of the most important issues leaders of federal subjects must take up was to solidify inter-ethnic unity.⁵²⁾

Second, President Medvedev stressed that the principle of a unified system of state power should have priority over the principle of independence of state institutions at the regional level. In the administrative mandate given to the Russian government in an effort to realize his policy ideas unveiled in the annual address to the federal assembly in November 2008, Medvedev advocated a clear division of power for efficient accomplishment of duties through proper distribution and utilization of state power of federal state organs as well as regional state organs. And Medvedev also proposed that the Federation Council should play a major role in coordinating legislation activities in the

pp. 63-69.

51) *Ria-Novosti*, December 3, 2008, available at <http://www.rian.ru/politics/20081203/156361352-print.tml>, accessed on May 23, 2012.

52) Stenogramma “Zasedeniya prezidiuma Gossoveta o merakh po ukrepleniyu mezhnatsional’nogo soglasheniya,” February 11, 2011, Ufa, available at <http://www.kremlin.ru/transcripts/10312>, accessed on May 23, 2012.

regional parliaments.⁵³⁾

Third, with regard to the methods of selecting regional bosses, Medvedev, in tandem with his predecessor, had a negative attitude toward the direct elections for governors.⁵⁴⁾ For example, in response to the comment of Yuri Luzhkov, former mayor of Moscow, suggesting that Russia should return to the system of direct elections for its regional leaders, Medvedev categorically rejected such a maverick's voice by stating that those regional leaders who wanted to return to the system of direct elections should resign from their posts.⁵⁵⁾ And in mid-September 2009, President Medvedev at the meeting of Valdai Discussion Club argued that there is no reason to return to direct gubernatorial elections, "not now, not in one hundred years," because in Medvedev's view it is not fully compatible with Russian traditions or the level of federalism existing in Russia.⁵⁶⁾

Fourth, as regional leaders lost their political capital – the political legitimacy which might have been garnered from direct elections through popular voting – they mostly abandoned the strategy of voicing their grievances against the Kremlin. Instead, they were forced to extend their loyalty to the federal leadership. Under these circumstances, Medvedev, similar to Putin, utilized presidential prerogative to nominate and/or dismiss governors for the purpose of consolidating his power base in the region. For instance, in February 2009 Medvedev stunted many people by replacing four governors (Orel, Pskov, Voronezh and Nenets AO) at a time. The year 2010 witnessed several important changes in the leadership of regional executives. In March Medvedev terminated the tenure of Mintimer Shaimiev, the head of the

53) *Ria-Novosti*, December 3, 2008, <http://www.rian.ru/politics/20081203/156361352-print.tml>, accessed July 23, 2012.

54) Pomeranz (2009), pp. 179-192.

55) "Prezident prigrozil gubernatoram chastnymi litsami," *Kommersant*, November 19, 2008, available at <http://www.kommersant.ru/doc.aspx?DosID=1074953>, accessed on July 31, 2012.

56) *Rossiiskaya gazeta*, September 16, 2009, available at <http://www.ru/printable/2009/09/16/peregovor.html>, accessed on June 22, 2012.

Republic of Tatarstan. With a strong power base in the region, Shaimiev defied the authority of the Kremlin by occasionally criticizing the central government’s policies. Furthermore, in July 2010 Medvedev went on to force the Bashkiria’s President Murtaza Rakhimov to resign in advance of the expiration of his term.⁵⁷⁾ Medvedev’s effort to reshuffle the constellation of regional leadership culminated in dismissing Moscow’s Mayor Yuri Luzhkov in September 2010, taking the political class in Russia surprise. While Medvedev’s dismissal of governors incurred criticisms from certain commentators condemning such an action as abandonment of federalism,⁵⁸⁾ the federal leadership justified the changeovers of regional leaders as proper measures ensuring the enhancement of regions’ efficiency in coping with challenges intensified in the wake of financial crisis at the regional level. However, as a matter of fact, those personnel changes were more driven by loyalty than by efficiency.⁵⁹⁾ Since the adoption of a new system of the recruitment of regional bosses, Putin preferred to nominate outsiders (the varangian model) who were expected to rule their regions, strictly conforming to the Kremlin’s policy line. Medvedev’s dismissal of old politicians who had ruled their regions for a long period of time with their strongholds in political, administrative, and business networks and the dispatch of new figures to the regions seemed to be continuation of his mentor’s policy.⁶⁰⁾

Meanwhile, since he was sworn in as president, Medvedev made some changes in the existing federalism and center-periphery relations in Russia. First, he made a slight change in the procedure of selecting governors.

57) “Rakhimov ukhodit sam,” *razeta.ru*, July 13, 2010, available at http://www.gateta.ru/politics/2010/07/13_a_3397482.shtml, accessed on August 8, 2012.

58) “Medvedev Fires a Governor: No Federalism in Russia,” *The Worden Report*, available at <http://thewordenreport.blogspot.com/2011/02/medvedev-fires-governor-no-federalism.html>, accessed on August 25, 2012.

59) Nikolay Petrov (2010), “Regional Governors under the Dual Power of Medvedev and Putin,” *Journal of Communist Studies and Transition Politics*, Vol. 26, № 2 (June), pp. 287-293.

60) “Tretii shans federalizmu,” *Nezavisimaya gazeta*, March 18, 2008; Petrov, *op.cit.*, p. 290.

Medvedev suggested that recommendation of candidates of regional bosses should be made by those political parties who won the largest number of seats in regional legislatures.⁶¹⁾ This amendment is expected to contribute to the strengthening of sound development of the party system in Russia from a long-term perspective. From a short-term perspective, however, this measure is conducive to the strengthening of the UR's influence, ultimately contributing to the consolidation of Putin's influence over regions.⁶²⁾

Second, yet, while Medvedev was not directly opposed to the 'power vertical' including the nomination of governors by the president, he cautiously warned the vertical integration of state power of its possible weakness in the constitutional basis. In the annual address to the federal assembly, Medvedev suggested that there was a growing realization among Russia's leaders of the centralization policy's weak constitutional underpinnings and the need to address this issue before future events would develop into a situation beyond control.⁶³⁾ In other words, Medvedev theoretically opened up some possibility for the reinterpretation of the Article 72 of the Constitution by raising the necessity for further scrutiny about the principle of 'power vertical.'⁶⁴⁾

Third, Medvedev did not show too much enthusiasm about the importance of merging smaller regions into larger federal units, which constitutes one of major federal reforms during the Putin's second term as president.⁶⁵⁾ This attitude seemed to have been driven by his priority on the consolidation of his influence by deploying his associates in the region. Also, his policy was motivated by his conviction that the further abolition of federal subjects with titular ethnicities is inimical to stability in an ethnic federalism like Russia.

Fourth, in a broader context, Medvedev's modernization programs,⁶⁶⁾ if they

61) "Russian President Medvedev's First Annual Address to Parliament," *BBC Monitoring Former Soviet Union*, November 5, 2008.

62) Petrov (2010), p. 288.

63) Pomeranz (2009), p. 187.

64) *Ibid.*, pp. 179-192.

65) Andrey Makarychev (2009), "New Challenges to Russian Federalism," *PONARS Eurasia Policy Memo*, № 75 (September), pp. 1-5.

actually implemented properly, were inclined toward the restructuring of federalism in the direction of more balanced relationship between the center and regions. While the trademark of the Putin era is the strengthening of the country through stabilization, that of the Medvedev would be the updating of the country through a new wave of modernization. Putin’s development strategy was initiated from the top down through the state machine, which might have served as a hotbed for corruption and bureaucratism in the opinion of the Medvedev team. Igor Yurgens and his associates of the Institute of Contemporary Development (INSOR), a think tank for Medvedev, argued that Medvedev’s modernization programs should include participation from below requiring initiative and innovation by individual citizens and society as a whole. They went on to maintain that Medvedev’s modernization project should create an alternative to ‘power vertical’ operating in parallel with the entrenched Putin elites.⁶⁷⁾

Medvedev’s modernization programs were aimed at upgrading Russian economy and society to the level of developed countries of the West. With focus on five I’s – institutions, investment, innovation, infrastructure, and intellect – Medvedev’s reforms seemed to be differentiated from those of Putin. Yurgens called such a new vision for modernization ‘horizontal modernization’ contrasted with ‘vertical modernization.’ The version of ‘horizontal modernization’ in his words requires elimination of administrative barriers and improvement of conditions for business development. In search of such a new version of modernization, the Medvedev team seemed to put more emphasis on the development of human capital, the rule of law, the struggle against corruption, and the reduction of excesses of bureaucratic regulation and state intervention. Medvedev’s vision for modernization, with

66) It was his essay entitled “Go Russia” published in *Gazeta.ru*, an internet newspaper, that Medvedev for the first time unveiled his modernization programs. “Dmitry Medvedev: Rossiya, vpered!” *Gazeta.ru*, September 10, 2009, available at http://www.gazeta.ru/comments/2009/09/10_a_3258568.shtml, accessed September 20, 2012.

67) “Modernizatsiya kak predlog,” *Nezavisimaya gazeta*, October 30, 2009, available at <http://www.ng.ru/printed/233017>, accessed on August 20, 2012.

the reduction of state intervention and the promotion of individuals' participation and initiatives, would eventually lead up to democratization and decentralization of state power in Russia. As such, Medvedev's own 'power vertical' is qualitatively different from that of Putin.⁶⁸⁾ While the implementation of horizontal modernization is likely to make Russian society more efficient, transparent, democratic, and thus the center-periphery relations more balanced, Medvedev's vision of modernization as a comprehensive reform project requires a fundamental restructuring of power structure and constellations of ruling elites in Russia, which is extremely hard to be accomplished.

In the aftermath of the December 2011 parliamentary elections, there occurred massive demonstrations protesting alleged frauds in the elections, corruptions among government officials and Putin's return to the presidency. In the face of such anti-Kremlin movements led by civil society, the Russian federal government decided to reinstate popular elections for governors.⁶⁹⁾ According to the new bill, however, gubernatorial candidates should be nominated by political parties. Given that regional elites are mostly related with the ruling United Russia party, it is expected that governors elected by popular votes are also in fact under the authorities' influence.⁷⁰⁾ As such, while making the dominant role of the Kremlin intact, the ruling circle allowed for formal decentralized contour of Russian federal system at the formal level. <Table 2> shows similarities and differences between Putin and Medvedev in their federal reform policies.

68) Richard Sakwa (2011), *The Crisis of Russian Democracy: The Dual State, Factionalism and the Medvedev Succession* (New York: Cambridge University Press), pp. 332-341.

69) *Ria-Novosti*, January 16, 2012; *Telegraph*, April 30, 2012.

70) The first elections for governors – five out of 83 regional bosses – since the 2004 political reform were held on October 14, 2012, where all of the UR candidates were elected. *Bloomberg* October 15, 2012, available at <http://www.bloomberg.com/news/print/2012-10-14/russia-votes-in-putin-s-first-election-test-since-kremlin-return.html>, accessed on October 19, 2012.

<Table 2> Comparison of Federal Reforms between Putin and Medvedev

Issue Areas	Putin	Medvedev
Ethnic policy	- opposed to extreme ethnic nationalism, while occasionally tolerating Russian ethnic nationalism.	- stressed unity and diversity among ethnicities.
Unity of state power versus decentralization of state power	- rearranged state power in a hierarchical way	- sought for a clear division of power through proper distribution and utilization of state power of federal state organs.
Selection of governors	- advocated nomination of governors by the president.	- opposed to direct elections for governors; but made it imperative for gubernatorial candidates to get recommendations from ruling parties in regional parliaments.
'Power vertical'	- clearly placed priority on unity of state power over autonomy of different levels of state power.	- opened up the possibility for reinterpreting unity of state power versus local autonomy with focus on 'horizontal modernization.'
Merging of Federal Subjects	- in favor of assimilating federal subjects into larger ones	- not much interested in taking measures to make further reduction of federal subjects

5. The Effects of Centralization in Russia

In the above discussions, I demonstrated that over the last decade Russia’s state power has been enormously concentrated in the central government – specifically in the hands of federal ruling elites including the president. At this particular juncture, a tricky but important question arises: To what extent have the centralization policies under Putin and Medvedev been effective?

Included in the expected effects brought by centralization policies are consolidation of political stability, enhancement of predictability, and increase in efficiency. According to Putin, Russia had been transformed from fragmented,

poorly coordinated, loosely held, quarrelsome, county into a stable and viable political system. He went on arguing that the center had finally overcome insubordination of recalcitrant regional leaders by making the structure of state power vertically integrated.⁷¹⁾ Thus, through the formulation of ‘power vertical’ the federal government succeeded in rendering regional bosses and their governments strictly subordinated to federal leaders and the central government. According to such logic, by establishing a vertical power structure, political process is more predictable and more stable.⁷²⁾

Meanwhile, with respect to the fiscal arena, in a multiethnic state, centralization is to some degree an antidote to centrifugal tendency, uprising and separatism. If there exists a high degree of inequalities in income across regions, a large degree of fiscal decentralization increases the likelihood of ethnic rebellion and major ethnic protest.⁷³⁾ A strong central government with centralized fiscal power may remedy horizontal imbalances in budget revenues through intergovernmental transfers, or borrowing by deficit jurisdictions, or a combination of the two.⁷⁴⁾ In contrast, the decentralized fiscal decision-making of lower levels of government may incur inefficiency. According to Boadway

71) Vladimir Putin, “The Strategy of Russia’s Development Through 2020” (Speech delivered at the expanded session of the State Council, February 8, 2008), cited from Mitin (2008), p. 49.

72) According to some commentators, unlike the case of consolidated democracies, because of the difficulties in building a coalition of federal and regional politicians in favor of political and economic reforms, federalism as a constitutional form in transition period could make democratic transition and democratic consolidation more difficult and problematic. See Irina Busynina, Mikhail Filippov, and Olga Shvetsova (2010), “Risks and Constrains of Political Modernization in Russia: The Federal Problem,” *Working Paper Series*, Social Science Research Network, December 12, http://papers.ssrn.com/sol3/paperscfm?abstract_id=1724486, accessed on October 12, 2012.

73) Kristin M. Bakke and Erik Wibbels (2006), “Diversity, Disparity, and Civil Conflict in Federal States,” *World Politics*, Vol. 59, pp. 1-50.

74) Teresa Ter-Minassian (1997), “Intergovernmental Fiscal Relations in a Macroeconomic Perspective: An Overview,” in Teresa Ter-Minassian (ed.), *Fiscal Federalism in Theory and Practice* (Washington, D.C.: International Monetary Fund), p. 11.

and Shah, since “different governments at a given level are typically able to provide different amounts of net fiscal benefits (NFBs) to their residents,” fiscal decentralization gives rise to inefficiency.⁷⁵⁾

Notwithstanding the above-mentioned alleged advantages in centralization of state power in spatial terms, it should be noted that in reality, centralization policies tend to bring about considerable costs. That is, the centralization drive by the Putin administration – to a less extent the Medvedev administration – resulted in the constraining of diversity among different ethnicities, the suppression of autonomy in regions and localities, the worsening of transparency in the public affairs, and thus deterioration of democracy in Russia. With widespread corruption and clientelism in the regions intact, Putin’s centralization campaign was not very much successful in enhancing effectiveness of governmental performance. For instance, while governors had been responsible for the results of policy implementation before 2004, recently most of blames for policy failures in the regions became directed toward the central government and the Kremlin. That is, after the abolition of popular elections for governors effective means for expressing their grievances over the performance of the regional regime became the direct protest mostly directed to the central government.⁷⁶⁾ The protest is no longer concentrated on governors but on the national regime. In particular, the incumbent regional leaders from other regions tend to be ineffective in containing the emergence of a mass-led movement and instead to become a hostage to the protest from the public.⁷⁷⁾

As Vladimir Gel’man observes, the center became “hostage to systematic distortion of information by regional authorities and regional branches of federal services, all exclusively serving their own interests.”⁷⁸⁾ Such a

75) NFBs are the difference between the value of public services delivered by the lower level jurisdiction and their tax cost. Robin Boadway and Anwar Shah (2009), *Fiscal Federalism: Principles and Practice of Multiorder Governance*, (Cambridge: Cambridge University Press), p. 41.

76) J. Paul Goode (2010), “The Fall and Rise of Regionalism,” *Journal of Communist Studies and Transition Politics*, Vol. 26, № 2, pp. 233-256.

77) *Ibid.*, p. 251.

mechanism apparently fanned widespread corruption in the regions as well as in Moscow. Political elites in Moscow as well as regional political elites were mutually independent not only through vertical power structure, but also under the structure of ‘corruption vertical’ where most members are involved in corruption.⁷⁹⁾

<Table 3> Russia’s Standings in Transparency in terms of ‘Corruption Perceptions Index’ (CPI)

	2001	2003	2005	2007	2009	2010
CPI Score	2.3	2.7	2.4	2.3	2.2	2.1
World Ranking	79	86	126	143	146	154
Number of Countries surveyed	91	133	158	179	180	178

Source: Transparency International, Corruption Perceptions Index, available at http://www.transparency.org/policy_research/surveys_indices/cpi, accessed April 29, 2011.

As shown in <Table 3>, together with Laos and Kenya, Russia ranks 154th place in terms of transparency in 2010, which means that Russia is one of the most corrupt nations in the world. To make matters worse, as clearly indicated in the table, Russia’s transparency rankings keep consistently declining over the last decade, which does not augur well for the state capability to say nothing of consolidation of democracy development in Russia.

As their political destiny came to be determined by the Kremlin, regional political leaders became responsive not so much to regional constituents as to their political patrons in Moscow. And regional officials’ capacity for conducting informal lobbying for various benefits in Moscow became even more important. In this sense, regional heads by the mid-2000s looked like the first secretaries of the *Obkom* (Regional Committee) of the Communist Party of the Soviet Union.⁸⁰⁾ Likewise, regional bosses were enjoying rent-seeking and monopolizing the economy in their regions based on their networks and personal connections

78) Gel’man (2009), p. 18.

79) Slider (2010), p. 186.

80) Gel’man (2009), p. 16.

with power elites in the center. Putin’s centralization was oriented toward establishment of a non-competitive environment in politics and economics, conserving regional authoritarianism and closed markets in the regions.

In this context, centralization and vertical integration of state power hardly contributed to the balanced development among subjects of the federal system. Rather, in the aftermath of federal reform, inequalities between regions in terms of budget revenues became worsened.⁸¹⁾ As the distribution of financial resources and investments is frequently determined by patron-client relations between Moscow and regional capitals rather than economic efficiency, development gaps among federal subjects has become even wider.⁸²⁾ Such phenomenon is observed throughout the 2000s, as indicated in <Figure 1> showing increasing gaps in terms of gross regional product (GRP) per capita between the wealthiest ten regions and the poorest ten regions. This aspect implies that centralization of state power does not necessarily mean the strengthening of state capability including the central government’s coordinating role to reduce inequalities and developmental gaps among various regions.

Lastly, centralization itself, to the contrary of Putin’s vision at the outset, does not serve as a guarantor of political stability. Indeed, Russia has generally managed to keep political stability, while Putin personally enjoyed high levels of popularity throughout his terms and even after his retirement as president. However, centralization is not a panacea for political and social stability. Faced with global economic crisis in 2008 the Russian economy underwent drastic downturn.⁸³⁾ If and when such an economic problem is prolonged and worsened, it is hard to exclude the possibility that political unrest or even political turmoil occurs in Russia. According to a commentator,

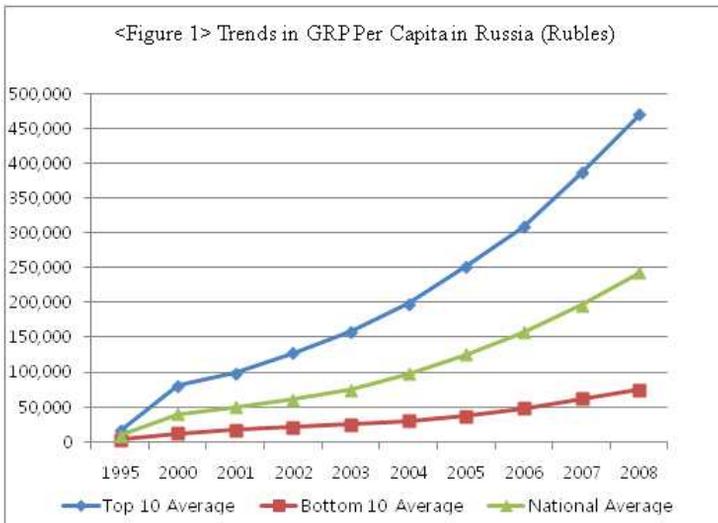
81) Slider (2010), p. 176.

82) Matthew Derrick (2009), “The Merging of Russia’s Regions as Applied Nationality Policy: A Suggested Rationale,” *Caucasian Review of International Affairs*, Vol. 3, № 3, pp. 317-323.

83) The annual GDP growth rate in 2009 was -7.9%. See *The World Bank Data*, available at <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>, accessed on May 6, 2012.

“the crisis [of 2008] exposes the continuing sources of weakness in Russia’s economy that were concealed by the oil boom of the past decade,” as publicized by Dmitry Medvedev in his annual address to the federal assembly on November 12, 2009.⁸⁴⁾ In particular, under the vertical structure of state power that Putin and his associates have been proud of, almost all of the grievances and protest against policies and governments’ performance are likely to target the central government and ultimately the Kremlin. From this point of view, the case of nation-wide protest against the ‘monetization of welfare benefits’ policy in 2005 suggests that policy failures may turn into major political setbacks to the ruling elites in Moscow. And also, the recent anti-government movement beginning with massive demonstrations against alleged frauds in the December 2011 Duma elections shows another possibility for political change in the middle of economic hardships, widespread corruption and authoritarian rule by the Kremlin.

<Figure 1> Trends in GRP Per Capita in Russia (Rubles)



Source: Federal'naya sluzhba gosdarstvennoi statistiki, Rossiiskii statisticheskiy ezhegodnik 2005, 2010 (Moskva: FSGS, 2005 & 2010).

84) Goode (2010), p. 241.

6. Conclusion: Prospects for Re-decentralization?

As demonstrated in the above discussions, contours of state power in the framework of the center-regional relationship under Putin and Medvedev are characterized as a definite shift from decentralized, fragmented state to a vertically integrated, centralized, state. Such a phenomenal shift toward centralization can be interpreted in the context of general trends in contemporary federalism. That is, as is the case with many modern federal states, the role of the central government tends to be on the rise. Yet, it seems problematic that the degree to which the central government overshadows the regions in Russia is too much excessive.

Then how can we assess the changes in the center-periphery relations in Russia over the last decade? Many commentators argue that with hyper-centralization policy, Russian federalism ceased to be a genuine federalism, then, degenerated into a federation without federalism.⁸⁵ However, as we observed in section 2 of this paper, there exist two aspects of federal arrangements in the Russian Constitution: on the one hand, the clause on the principle of independence and autonomy of federal subjects (Article 77.1); on the other hand, the clause on the necessity for a unified (*edinyi*) system of executive power in the Russian Federation (Article 77.2). In other words, with respect to the degree to which the central government can interfere with the affairs of regional and local governments the Russian Constitution seems to allow for both possibilities: either moving toward decentralization under the name of autonomy of the regions and localities, or centralization with the purpose of maintaining a unified system of state power. The centralization drive under the Putin regime did not come out of vacancy. Rather, the strengthening of the center vis-à-vis the regions may be justified by constitutional arrangements. Therefore, the central government’s policy – whether it is inclined toward either centralization or decentralization – cannot

85) Nikolay Petrov (2009), “A Russian Federation Without Federalism,” *Moscow Times*, August 26, available at <http://www.carnegieendowment.org/publications/?fa=view&id=23476>, accessed on May 2, 2012.

be categorically judged federal or non-federal; it is a matter of degree on continuum. Then the state of affairs in federalism at a particular juncture might be influenced by several factors including leadership's vision and ideology, the correlation between the state and societal forces, the amount of material base the central government can mobilize, and so on. In the final analysis, without major constitutional amendments, the quintessence of the constitutional arrangements has remained intact throughout the last two decades. This is why it is not so persuasive that the era of federalism in Russia is over. To put it differently, shift in leadership's perspectives and policy lines coupled with changes in socio-economic environment may lead to a new balance of power between the center and periphery. In this sense, massive political participation of Russian citizens through anti-Putin demonstrations since December 2011 coupled with possible macro-economic instability in Russia in the wake of crisis in the Eurozone might serve as a litmus test for gradual but significant changes in the center-region relationship.

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초록

“러시아 연방제의 변화: 푸틴과 메드베데프 시기 연방제 개혁”

장 덕 준

이 논문은 푸틴과 메드베데프 정부의 러시아 연방제 개혁을 중심으로 러시아의 중앙-지방 관계에 있어서의 변화를 분석한다. 그러함에 있어 본 논문은 러시아 헌법상 국가의 통일성을 강조하는 규정(제77조 2항) 및 연방주체의 자율성을 보장하는 헌법규정(제14조 및 77조 1항)에 근거해 러시아의 연방제에 있어서의 변화를 어떻게 해석할 것인가를 다룬다. 푸틴은 2000년 대통령으로 취임한 이래 중앙정부의 권력을 강화시키려는 일련의 제도적인 개혁을 추진했다. 그 결과 정치적인 측면뿐만 아니라 재정적인 측면 등 여러 영역에서 중앙정부의 영향력이 강화된 동시에 지방 수장들의 권력은 크게 약화되었으며 열린 시기에 널리 유행했던 소위 ‘비대칭적 연방제(asymmetric federalism)’도 완화되었다. 집권 2기에 접어들어 푸틴은 주지사 직선제의 폐지, ‘통합러시아’당을 통한 지역 엘리트들의 통제, 연방주체 숫자의 감축, 지방자치체에 대한 통제 강화 등을 통해 중앙집권화를 더욱 심화시켰다. 이러한 경향은 메드베데프 시기에도 계속되었으나 연방주체의 자율성을 규정한 헌법 조항의 중요성을 지적하는 등 중앙-지방 사이의 균형을 향한 변화의 가능성도 열어 두었다. 2011년 12월 국가두마 선거 이후 터져 나온 시민사회의 반부패운동과 반 푸틴 움직임으로 인해 크렘린 당국은 2004년도에 폐지되었던 주지사의 직선제를 부활시킴으로써 중앙집권화 드라이브에 의미 있는 변화가 일어났다. 이러한 변화를 종합해 볼 때 본 연구는 1990년대 초반부터 오늘날까지 러시아의 연방제는 중앙-지방 사이의 힘의 균형에 있어서 사회경제적 환경과 국가 지도자의 관점에 따라 국가의 통일성을 강조하기도 하고 연방주체의 자율성을 존중하는 경향성을 드러내는 등의 변화가 있었지만 러시아에 있어서 연방제의 기본 성격은 유지되었다고 본다.

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