Since becoming the Acting President of the Russian Federation in late 1999, Vladimir Putin has spoken with utmost clarity about his concern for the territorial integrity of the Russian Federation and his intent to increase the concentration of political power with the executive agencies of central government in Moscow. Addressing Russian troops in Chechnya in early January 2000, after the relentless "Christmas bombardment" of Grozny, Putin said, "I want you to know that the country really needs what you have been doing here. I do not merely mean the protection of honor and dignity of the country. I mean more serious things. We are talking about putting an end to the disintegration of Russia. This is our task here." Later Putin outlined a broader, long-term vision for center-periphery relations, "Russia was founded as a super-centralized state from the very start. This is inherent in its genetic code, traditions, and people's mentality."

In its first three months, Putin's administration has reviewed a number of policies that Leonid Smirnyagin, former Yeltsin advisor on regional policy, interprets as "recoiling" (otkat) against federalism. Some of the policies deemed helpful to state centralization that the Kremlin has considered from mid-1999 to early 2000 include:

- a decree on financing of Russian courts exclusively from the federal budget;

- measures by the finance ministry to toughen control over the spending of federal funds in the regions;

- gradual enlargement and merger of constituent units of the Russian Federation (either through creating 9 or 10 super-regions essentially on the basis of former Soviet economic zones, or by introducing 25 to 34 offices of coordinators for federal agencies designed to play the role of "governor-generals" of the old Russian Empire without somehow infringing on the authority of regional governors and presidents of autonomous republics);

- cancellation of gubernatorial elections in Russian regions (oblasts and krais) with a view toward abolishing elections of autonomous republic presidents at some later stage;

- direct presidential rule of Russia's constituent units through appointed representatives;
greater control of the internet and other media by the FSB and other KGB-successor agencies through measures similar to SORM (special operational and investigative measures). In March 2000, Russia's Information Ministry (a new agency that a number of Russian journalists associate with a reinstatement of censorship) issued a ban on television appearances of Chechen pro-independence fighters and politicians under threat of being charged with sponsoring terrorism;

extension of the presidential term from four to seven years;

replacement of the Federation Council (Russia's upper chamber of the legislature, currently consisting of governors, autonomous republic presidents and chiefs of regional legislatures) with a "consultative State Council" of undisclosed design; and

a wholesale replacement of presidential representatives in the regions with Putin loyalists (17 regional representatives were replaced by mid-March 2000).

Putin's clear signaling of his preferences for centralization, combined with his disproportionate popularity and Yuri Luzhkov's endorsement of Putin's candidacy for president early in 2000, have provided what one observer described as an incentive to regional leaders "to convince Putin that they are holier than the Pope in combating regional separatism." In this way, top-down pressure on the regions (most vividly exemplified by the Putin government's military operations in Chechnya) has received a strong positive reinforcement from the periphery.

In fact, most of the governors of ethnic Russian regions have become vocal anti-federalists. In February 2000, Kemerovo governor Aman Tuleev (who, according to Smirnyagin "has a reputation for winning Kremlin approval in advance for all his statements, even the most extravagant") proposed restructuring Russia's 55 oblasts and krais into 10 to 12 gubernias (provinces, as they were called in pre-1917 Russia). (Tuleev left out 31 non-Russian ethnic regions with "autonomous" status.) A few days later, the governors of Novgorod, Belgorod and Kurgan oblasts published an open letter to Putin urging him to abandon federalism in favor of "a powerful, centralized system of state management" with "a strong vertical executive branch," in which the governors would be appointed by the president. Prime Minister of Karelia Sergei Katanandov went even further by proposing not only to strengthen vertical subordination, but to extend the term of office of the Russian president: "If we want a normal, authoritarian leader, able to lift the country out of crisis and once again make it a superpower, then why shouldn't we give him a seven-year term instead of two four-year terms? I would even agree to let such a person rule for life, if he has the support of the people." Only one governor, Samara's Konstantin Titov, continued to argue that federalism would be the most effective state-building strategy in Russia.

Unintended Consequences of Centralization

The Putin administration has not indicated how far it intends to take political centralization or how the newly elected president defines the concept of a "strong state"
in Russia. But the very fact that such policies have been actively proposed and debated against the background of Putin's nationalist rhetoric over Chechnya warrants an assessment of plausible unintended consequences of anti-federalist centralization in Russia. Could a retreat from federalism undermine Russia's integrity, which current proposals for centralization ostensibly seek to enhance?

My assessment of these unintended consequences rests on two premises that current proposals for political centralization in Russia appear to underestimate:

1. that federalism and political decentralization have played a decisive role in preventing Russia from falling apart the way the Soviet Union did; and

2. that the absence of a unifying state ideology in post-Soviet Russia (Russia's anthem still does not have words) enabled the central government to provide the regions selective economic and political incentives to remain part of Russia—a strategy that was unavailable to Soviet leaders in the context of institutions based on Marxist-Leninist ideology prescribing a highly centralized one-party government.

If these factors are considered, then abandonment of federalism in favor of political centralization grounded in Russian nationalism (the "Russian nation as a great power") and authoritarianism (the "stronger state") is likely to have the following long-term implications:

- The potential for conflict between ethnic Russian and non-Russian regions will increase in the long run. Cancellation or reduction of tax benefits in resource-rich non-Russian republics such as Tatarstan, Bashkortostan, and Sakha is likely to engender grievances against the center among both local elites and the public. The perception of ethnic discrimination is likely to increase. Studies based on the Minorities at Risk database suggest that such grievances increase the likelihood of ethnopolitical protest and rebellion, especially in transitional states. Other contentious issues include the appointment of judges and federal government officials in the regions (as in the recent dispute between the leader of Ingushetia and ethnic Russian governors), and the settlement of electoral disputes, as in Karachaevo-Cherkessia.

- Economic grievances against Moscow in resource-rich ethnic Russian regions will also be harder to contain under a more centralized and rigid system of center-periphery relations. Central government representatives will have fewer incentives to bargain and more incentives to coerce regional governments into following policies prescribed by Moscow. Coercion is likely to result in tacit resistance to central government policies and a slowdown of economic reform experimentation in the regions. Economic motivations for political separatism in resource-rich border regions such as Sakhalin, Kaliningrad, and Primorsky krai would then increase.

- Separatists will have a well-defined target, making possible the concurrent mobilization of ethnic (anti-Russian) and civic (anti-authoritarian) opposition to central government. The overestimation by the Chechen rebels in 1999 of public
support in Dagestan for the Islamic republic shows how difficult it is to mobilize a purely ethnic separatist protest in post-Soviet Russia. Conversely, the collapse of the Soviet Union showed that once civic and ethnic oppositions join forces (as evidenced by a large number of ethnic Russians in Union Republics voting for independence in 1990 and 1991), the state can quickly become vulnerable to disintegration.

- The potential for communal violence involving ethnic minorities and non-Russian ethnic diasporas (e.g., Chechens, Azerbaijanis, Georgians, Chinese, Koreans, Arabs, and Africans) will increase since centralization would erode tolerance and the proclivity for compromise that are associated with benign and stable interethnic relations. In the next 5 to 10 years this is likely to present serious security challenges in the Russian Far East. Demographic and economic trends in this area necessitate an increasing influx of Chinese migrant workers, yet the local government and society are unprepared for interethnic accommodation and have grown more hostile toward ethnic minorities in the 1990s.

- Centralization is likely to discourage regional political and economic innovation (such as unilateral moves by some Russian regions to privatize land) and diminish the incentives for developing horizontal ties between regions. Russian regions would then be less likely to serve as laboratories of democratic and free-market reforms. The risk and the costs of economic reform failure--and failures are inevitable as reforms are implemented--will increase. (As the Soviet experience suggests, failures of centrally mandated and universally implemented measures are likely to be more costly to states than failures of locally designed and implemented measures.)

- The abolition of the Federation Council poses a threat to the effectiveness of central government institutions and to the very system of checks and balances. The Federation Council has been noted for its pragmatic and conciliatory legislative style, and a useful reality check for both the executive branch and the more ideologically volatile Russian State Duma.

- Short-term gains (such as improvement of tax collection and attraction of new investment) achieved through fast political centralization are likely to reinforce the impression that centralization succeeds. In the long run, however, Russian government and society would be less flexible and adaptive to sustain domestic political change and external economic shocks (e.g., the next presidential election, according to data in The Economist, would coincide with a rapid surge in Russia's foreign debt obligations).

- Disproportionate reliance on "vertical management" will weaken Russia's nascent civil society, especially outside large urban centers, since regional leaders will have less incentive for public support and more incentive for pleasing central government officials. The weakening of civil society would deny innovation benefits to the economy, undermine environmental controls, and preclude the evolution of societal controls over safe and secure storage of nuclear materials. (Senator Sam Nunn argues in the latest issue of Foreign Affairs that a strong
Policy Recommendations

The Kremlin would be wise to at least acknowledge the perilous unintended consequences of political centralization and the weakening of federalism. The Putin administration's think tanks would do well to compare economic development trajectories over 10-20 years in strong states that have weak societies, versus states that derive their strength from strong societies and operate on the basis of compromise between central and peripheral governments. Russian government analysts would also benefit from a better appreciation of the positive effects of federalism in preventing Russia's disintegration--despite Chechnya's de facto secession in 1991 and Moscow's military withdrawal from Chechnya in 1996. Subscribing uncritically to the "domino theory" ("if Chechnya goes, others would go and Russia would collapse") is likely to give rise to policies that are counterproductive to the long-term interests of the peoples of Russia.

The Putin administration would be well-advised--and it is likely to have enough political capital for it after the 2000 presidential election--to stop policies and public pronouncements currently associated with the war in Chechnya that may conceivably lead ordinary Russians to define their citizenship in ethnic (russkie) rather than in civic terms (rossiyane). The Kremlin may want to send a clear signal to the governors who recently advocated centralization that their proposals will not earn them favor. The short-term expediency of centralization--however much praised by international investors seeking a modicum of certainty in Russian markets--needs to be weighed carefully against the long-term interests of Russian society. Appointing responsible politicians with proven commitment to federalism (such as Samara governor Titov) to key positions in the post-election government would serve these interests. If Russia's central government adopts policies favoring state-building based on center-periphery compromises (translated into a clearer yet flexible division of powers), it will also find it easier over time to work out a political settlement in Chechnya. Compromise would help alleviate the legitimacy problem of Chechnya's political institutions, which the local population has come to associate with indiscriminate use of force against them.

The policy community in the United States would do well to critically evaluate and treat with a great deal of caution claims by the business community and investors who interpret Putin's push for centralization as a sign that it will be easier to do business in Russia. It is indeed likely that most international businesses and investors will favor centralizing tendencies in Russia in the short term. But the executive centralization of rule-making and compliance monitoring would always pose the risk of harsh and arbitrary sanctions against investors, businesses, and NGOs that may fall in disfavor with Russia's executive branch, especially in crisis situations.

Given the United States' high stakes in Russia's long-term stability, Washington would do well to pursue policies that would simultaneously discourage the Kremlin from dismantling federalism and offer stronger rewards for pluralistic, win-win strategies.
toward the regions. The US government should consider a range of measures similar to the following:

- An impact assessment of the effects of political centralization in Russia on Cooperative Threat Reduction (CTR or Nunn-Lugar) and Material Protection, Control and Accounting (MPC&A) programs, examining the implications of weaker civil society on Russia's capacity to prevent proliferation of weapons of mass destruction, with subsequent modification of the CTR and MPC&A programs.

- An impact assessment of political centralization on horizontal economic interactions among the regions, on Russia's economic innovation, and on environmental sustainability. The idea is to engage Russian regional and central government officials in assessments, impact evaluation, and the drafting of policy responses.

- Political support for Samara governor Konstantin Titov and increased funding for the USAID regional investment initiative in the Samara region. This and other regional investment initiative funding can be made contingent on governors' and the Kremlin's agreement to maintain and strengthen federalist institutions in Russia.

- Amendments to the Freedom Support Act of 1991 mandating moratoriums (or similar constraints) on debt-restructuring, support for IMF and World Bank loans, technology exports and similar measures (including import quotas or moratoria) to states that violate the Geneva Conventions through policies resulting (directly or indirectly) in the use of military force against civilians; and/or that suspend or abolish gubernatorial elections, suppress press freedoms, or violate or fail to institute proper habeas corpus safeguards.

- Amendments to the Freedom Support Act or separate legislation stipulating a US commitment to financial support of federalist institution-building in post-communist states, such as multi-level judiciary and independent regional media (understanding that anti-federalist centralization jeopardizes both, and that without them civil society in Russia is unlikely to survive).