

The Rise and Fall of Federal Reform in Russia

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The Federal Reform

In May 2000, during the very first days of his presidency, Vladimir Putin announced his plans for federal reform as the crucial step toward strengthening the Russian state under the slogan of “dictatorship of law.” The reform package, based on the recentralization of federal power vis-à-vis regional authorities, had the very pragmatic aim of strengthening the president’s influence by weakening the position of regional elites. This package included:

- The establishment of seven federal districts across Russia, with special presidential envoys as their heads. These envoys have broad powers of control over federal agencies in their respective region and monitor the performance and consistency with federal law of the actions of regional and local authorities. The branches of federal agencies themselves (such as the Prosecutor’s Office, Federal Security Service, Ministry of Interior, Tax Inspection, Tax Police, etc.) were then reorganized around federal districts in order to minimize their dependence on regional governments.
- The reform of the Federation Council, which (as of January 1, 2002) no longer includes regional chief executives and heads of regional legislatures as ex officio members. Instead, the upper chamber of the Russian parliament now consists of full-time legislators, appointed by regional chief executives and regional legislatures, which also meant that regional governors lost parliamentary immunity.
- The adoption of new laws that granted the Russian president the right to dismiss popularly elected regional chief executives and/or regional legislatures in instances of certain violations of federal law or some criminal cases against regional chief executives. The regional authorities received the same right vis-à-vis local governments (save for regional capitals, whose authority was subject only to presidential control in this respect).

Early 2002 is an ideal time to examine the impact of this federal reform on regional political development and center-periphery relations in Russia as well as its broader consequences for Russian politics and policy.

The Pendulum Swings Back

Most national elites enthusiastically supported the adoption of federal reform in 2000 and public opinion evidenced similar widespread support. Regional leaders did not even seriously resist the new laws and the Federation Council ended up voting de facto for its own dissolution. Regional leaders likely anticipated that reform of the Federation Council would bind the council more closely to the regions. However, it failed to become an effective tool for representing regional interests.

The new mechanism whereby the council is formed has led to somewhat dubious outcomes. In most cases, two categories of politicians occupy seats in the Federation Council: 1) Moscow-based businessmen and/or other lobbyists who had maintained informal relationships with the Kremlin and could push some behind-the-scene linkages; 2) regional-based politicians, who were rewarded by posts in Moscow in order to minimize their influence on the decisionmaking process in their own regions. This more closely resembles Soviet-type career paths of Communist apparatus members than principles of democracy and federalism. That the Federation Council has become inactive and largely invisible in the public arena since the Kremlin rejected the idea of the popular election of deputies.

In contrast, the presidential envoys in federal districts have actively encroached on regional affairs. Their impact on regional politics has been minimized, however, since they lack tools to carry out their agenda. Presidential envoys failed to access the distribution of federal budget transfers across the regions or take control of property rights disputes, federal investment programs, and the like. Even federal agencies in the federal districts are still directly subordinated to their respective ministries, not to the envoys. The political resources of the federal districts are also rather limited, especially due to the low personal profiles of envoys (all the envoys except for former prime minister Sergei Kiriyenko have no experience as a public politician). Thus, the results of their activities have been relatively negligible. For example, the much-publicized campaign to bring regional laws into conformity with federal legal norms has changed little in the regions. In several districts, most notably in Primorskii Krai and Nizhnii Novgorod Oblast', regional envoys were unable to get Kremlin-backed candidates elected to the post of regional executive.

The federal center then did an about-face in its policy toward regional leaders. Soon after federal reforms began, the State Duma passed a new law allowing 69 of 87 regional chief executives to be reelected to third and even fourth terms in office (in some cases, until 2013). The attempts of some liberal Duma factions to reduce the number of "indispensable" regional leaders were blocked in the Federation Council. The Kremlin also eventually buried the project of regional electoral reform, which was based on the idea of installing a semiproportional electoral system for regional legislatures and for the development of regional branches of federal-based political parties.

Putin has yet to use his power to dismiss regional authorities. Even in the most notorious case of the Primorskii Krai after the energy crisis of 2001, the federal government not only had to pay the damage costs, but also to take on the political responsibility for the crisis as such. During the crisis, Evgenii Nazdratenko, governor of this region, was promoted to the post of federal minister in charge of fisheries. Finally, the new State Council, which includes regional chief executives, serves as a consultant body for the president, effectively moderating some major policy reform proposals, such as housing and education

This pendulum-like swing in the center's policy to some extent repeats patterns of federal policy toward the regions in early 1990s under Yeltsin. Following a number of swings in the 1990s, federal policy reached its peak of decentralization after the economic crises of 1998. At this point a very real threat existed that the center would lose its position as an important actor in federal relations. Federal policy then made a sudden and complete swing in the opposite direction, moving from the extreme of excessive decentralization to unreasonable centralization, and now seems to be swinging back again. Speculating that the results of federal reform under Putin could be similar is not unreasonable. At the very least, the current state of affairs in center-regional relations is still far from the "strong state" idealized in the early days of Putin's presidency.

So what went wrong? What are the limits and obstacles to federal reform? Blaming the Kremlin for poor performance in federal reform would be too simple. In fact, the Kremlin faces serious problems of implementing its policies in the regions.

How to Overcome Underimplementation?

The politics of center-region relations under Putin in the 2000s will face similar dilemma to those Yeltsin faced in the 1990s. On the one hand, the center needs the political support of regional leaders, who still have a serious impact on national elections and other issues on the political agenda. On the other hand, the regional leaders serve as vehicles to implement policy reforms. Although the Kremlin-controlled State Duma could implement tax reform, for example, housing or educational reforms requires a strong regional administrative vehicle. The only regional actors who could play such a role are regional chief executives and city mayors. However, they have their own interests vis-à-vis the center, and could insist on being rewarded for their loyalty. In the 1990s, the Kremlin was forced to turn from unilateral pressure on regions to bargaining with regional leaders by assuring, for example, mutual loyalty in exchange for nonintervention. This helped the center to achieve stability, but contributed to the failure in the implementation of reforms. In the 2000s, the presidential team understands the danger of the same trap of underimplementation of its policies in the regions, but has few political tools to avoid it.

One possible solution could be the reestablishment of "vertical executive power," that is, a command chain of appointed regional governors and city mayors across Russia under the supervision of Putin and his supraregional envoys in the federal districts. For various reasons the Kremlin, however, initially rejected this step, and now the time has passed for such a reconfiguration of regional politics. Another solution, recently proposed by Kremlin experts, is a clear delineation of competence and responsibilities between center, regional, and local authorities, which will be based on new legal foundations. A special commission, led by deputy head of presidential administration, Dmitri Kozak, is in charge of coming up with proposals by July 1, 2002. This measure, even though it could be more or less successful in terms of the implementation of more concrete policies, could have only a short-term impact on center-regional relations. In the long-term perspective, the strengthening of the center's capacity vis-à-vis regions is a political rather than policy decision. If the Kremlin is serious, it will need a political vehicle in the regions other than the governors. The idea of a new "party of power" based on the "Unity" and "Fatherland" coalition seems a plausible claimant for this role.

However, whether the center-regional pendulum in Russia will swing back far enough to achieve the apex of a return to one-party state is unclear.

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