

Soviet Solutions to Post-Soviet Problems Has Vladimir Putin Really Strengthened the Federal Center?

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Almost immediately after his May 2000 inauguration, President Putin moved swiftly to address the epidemic of regional resistance to central authority in the latter 1990s. Vowing to reestablish and reassert the strength of the Russian state, and the vertical chain of authority from center to periphery in particular, he launched a multi-front war on regional resistance to Moscow.

First, he established seven federal districts within his presidential administration, each encompassing approximately twelve subunits of the Russian Federation. This was not a redrawing of formal borders between provinces, but an administrative change in that each of the seven districts would be headed by an appointed representative charged with coordinating the tasks of the federal bureaucracy in particular, as well as attempting to check the overt flouting of central authority on the part of elected regional governors and republican presidents. This was a controversial move in that the reform attempted to place appointed presidential representatives higher in the political-administrative hierarchy than elected governors and presidents of regions.

Second, in an effort to remove overly active governors from excessive regional involvement in national politics, Putin proposed, and the Duma accepted, a plan to reorganize the Federation Council, Russia's upper house of parliament, so that regional political leaders (governors, presidents, and heads of regional legislatures) would no longer automatically gain seats. Instead, two appointed representatives—one put forward by the governor or president of the region and the other by a vote of regional parliament—would represent each region in the upper house.

Third, to address the problem of regional noncompliance to federal law and the Constitution (endemic in the latter 1990s in particular), Putin quickly passed a set of laws through the Duma that would allow for the legal removal of governors and regional legislatures once it was proven in the courts that these officials were knowingly passing legislation in violation of the Constitution and federal law. Relatedly, he also issued demands that regions reverse existing contradictory legislation. Finally, in an apparent effort to reduce the asymmetries between regions in their dealings with Moscow, Putin and his administration quietly moved to dissolve all but 16 of the bilateral treaties the Yeltsin administration had signed with more than half of the regions of Russia between 1994 and 1999.

Despite the somewhat heavy-handed nature of Putin's solutions to the breakdown of central state authority in the periphery, it is not entirely clear that these have actually done a great deal to challenge the heart of regional resistance. While he may have temporarily quelled the regions, without further institutional reform, it is entirely possible, perhaps even likely, that when the

economy sours, we will see the reemergence of overt regional resistance to the central state yet again.

This is because, although he has correctly identified the danger of regional resistance to central authority in rebuilding the Russian state as an effective policymaking and policy-implementing device, Putin has offered the wrong solutions. Although he has rid Russia of some of the symptoms of what ails the central state in the periphery, he has not cured the disease.

Putin's remedies thus far can be characterized as Soviet solutions to post-Soviet problems. As a result, their depth and durability is questionable. In creating federal districts, for example, he has simply increased the size of the central state, but has not necessarily increased its effectiveness. As with the two previous iterations of the office under Yeltsin, the new representatives of the federal executive had poorly defined responsibilities. It was unclear, for example, to what degree they were supposed to oversee the actions of regional governments in general or merely federal bureaucrats in the regions. Their staffs are small relative to the size of a typical regional administration, and their presidential representatives were given no responsibility for spending federal funds or for attending to the implementation of federal laws. As with previous iterations of this office, therefore, the presidential representative's main task was to serve as the Kremlin's eyes and ears in the provinces. But the former version of presidential representative had little impact on concrete tasks of governing in the regions. Finally, the wide variation in how presidential representatives have carried out their roles thus far is a testament to how poorly their roles were defined and what they understand their functions to be.

The creation of federal districts headed by new presidential representatives merely created yet another layer of the Russian state—a strategy that has already proven ineffective in enhancing governing capacity in post-Soviet Russia. The Russian state apparatus actually grew steadily throughout the 1990s, relative to its size in the first few years following the collapse of the Soviet Union. The Russian State Committee on Statistics reported in 1999 that, despite central state efforts to cut the size of the Russian bureaucracy, it grew steadily in terms of the number of officials employed in federal agencies and regional administrations. Where in 1994, for example, there were a reported 1,004,000 officials employed at all layers of the state, that number had increased each year to reach 1,133,000 by the end of 1999. Not surprisingly, therefore, state spending on this apparatus has also increased steadily since 1994 (the first year for which figures were available) from 1.73 percent of all state spending in 1994 to 2.4 percent in 1998. More than two years after the ascent of Vladimir Putin to the top of the Russian state hierarchy, a Russian bureaucrat was born every 18 minutes. Indeed, the number of bureaucrats has increased in the last ten years as Russia's total population has declined, such that about 10 percent of Russia's population in 2002 works in the civil service. There are about 300,000 more Russians employed in the civil service than in the Russian army. Comparative experience even within recent Russian history, but elsewhere as well, indicates that a bigger state is not necessarily a more capable state.

Putin has yet to use his other two main sticks on errant governors or regional legislatures. He has not removed a regional leader or disbanded a legislature over legislation that does not conform to the constitution or federal law. Indeed, although this authority was thought none too subtle a way to rid Russia of its more recalcitrant and possibly corrupt regional leaders, it has proven otherwise in practice. A crucial test of this authority was the case of Evgenii Nazdratenko

of Primorskii Krai in the Russian Far East. Seemingly corrupt and long a thorn in the side of the Yeltsin administration, rather than remove him from power and try him in the courts for corruption under the pretense of his new authority to remove governors, Putin chose instead to secure Nazdratenko's resignation in exchange for a plumb position at the Federal Ministry of Fisheries. Most observers assumed that Putin would be able to use his new authority to remove those leaders of regions that led the noncompliance war of the 1990s. But it is likely that the presumed popular (and perhaps international) backlash that might result from actually removing an elected representative from office has rendered this weapon against the regions largely unusable.

Far from being able to summarily rid himself of the leaders in regional resistance in Russia, which have tended to be highly industrialized and resource-rich regions, Putin has suffered several legal and political defeats that have left the regional leadership structures of the 1990s largely intact. In July 2002, the Constitutional Court ruled that all terms served by regional governors prior to the passage of the October 1999 federal law on the organization of regional government do not count toward the two-term limit established by the 1999 law. This meant that many regional leaders would be able to run for third and fourth consecutive terms so that in 2002, there were 53 governors of 89 regions who could potentially rule their provinces for another four to eight years. In total, they could rule for as long as twelve to twenty years. Furthermore, despite strong presidential-administration involvement in regional elections between October 2000 and January 2002, the incumbency rate for regional governors and presidents was a startling 65.4 percent. Despite the purported spread of Unity (now Unified Russia) among regional politicians, the gubernatorial regimes of the 1990s remain in power—with or without Unity's backing.

The concrete effect on Russian central-state capacity of the dissolution of many of the bilateral treaties, which helped confuse the already complicated system of federalism, is unclear. Notably, however, the 16 or so treaties that have been left in place are those that the federal government signed with the more notorious and persistent regions—net donors to the federal budget in particular. Signing these agreements clearly did little to stem the tide of noncompliance and, as a result, did little to clear up the muddy waters of jurisdictional transparency and equity. Beyond this, though, the treaties were so widely variable that some regions like Tatarstan and Sverdlovsk negotiated considerable economic and tax privileges for themselves, while others amounted to little more than expressions of friendship and solidarity between the regional signatory and the federal government. It is unclear then, what effect, if any, dissolving these documents would actually have on Russian federal relations and the practical authority of the central state in particular.

Forced resolution of noncompliance may be the central state's biggest success in dealing with errant provinces, but the longevity of this success is questionable if we look at past patterns from the 1990s. We know, for example, that noncompliance declined when the economy began to improve in 1999 and was higher when the economy was relatively worse (1998 and the financial crisis). For the last three years, the Russian economy has grown and reports of noncompliance have decreased markedly. But if past is predictor, and economic growth slows, regional resistance in the form of noncompliance to federal law and the Constitution may well increase again.

As many analysts are beginning to argue, despite what Putin and his team may want us all to believe, Putin's Russia may not be all that different in important respects from Russia under Boris Yeltsin. That is, the fundamental structural problems are still there. This is particularly true of regional-central relations. So far, Putin's state-strengthening reforms do not go to the heart of the collusive relationship between certain sectors of regional business and political elites, for example, that are at the core of regional noncompliance to central authority. It may be that there is in fact too much strong resistance to breaking down these relationships. This may also explain why it is that, despite dizzying popularity ratings, seemingly strong support from the Duma—the likes of which Yeltsin never experienced—and a growing economy, Putin has not undertaken the kind of serious microeconomic reform that would put Russia on a more stable economic footing in the event of a decline in world oil prices in particular. It may not be that he does not want to undertake this kind of reform of the economy, but that in practice, he simply does not possess the political authority to do so.

Alternative Institutional Solutions to Strengthen Russia's Debilitated State

State building is a process, not an event. Despite its various deficiencies, the post-Soviet Russian state has nonetheless come a remarkably long way in a very short period of time. In many respects, it is not at all surprising that the Russian state is not yet a well-oiled machine. That said, with the benefit of hindsight from the 1990s as well as comparative experience in institution building, what further institutional changes should be made to better ensure the transparent and reliable authority of the Russian central state in the periphery?

The root of regional resistance to central authority throughout the 1990s was the collusive relationship that existed frequently between economic and political elites in highly industrialized and resource-rich regions in particular. Further reform must, therefore, target these relationships. Putin has not built political institutions capable of breaking the stranglehold of regional economic notables on local politics. One solution is to leverage one of the main advantages of democracy—accountability. If more elections were held at the regional level for more offices, public officials would be liberated from career dependence on either central or regional officials, increasing their sense of public responsibility and accountability.

On a similar note, institutional reforms might also be constructed to heighten the electoral dependency of elected regional political actors on a national political party organization and the electorate rather than on a narrow set of local economic notables. Building up the presence of national political parties at the local level would better link regional actors to national actors. If President Putin formally joined a political party and ran with a party label, this might help signal the importance of parties to the political process. The 2002 law, introducing the mixed proportional representation and single mandate system in regional Dumas, should help to encourage party development at the regional level, but is not a panacea. Just as there is compelling evidence that there is strong resistance to the central state on the part of regional elites, there is similarly strong resistance to building political parties in the periphery that widen the sphere of accountability of regional political actors.

Finally, institutional reform also means a rationalization of Russian bureaucracy. The bureaucratic arm of the state must be made more effective. This might entail simple changes like linking bureaucratic performance to pecuniary rewards, or simply increasing wages of lower

level bureaucrats as well as establishing clear lines of authority and control. Bureaucratic reform must also mean the simplification of regulations so that compliance is not difficult or onerous, or nearly impossible. Fewer regulations also mean fewer opportunities for the introduction of bureaucratic “discretion” that lead to rent seeking. INDEM, a social research institute in Moscow, reported in 2002 that by their estimate, corruption within the state civil service costs Russian business \$33 billion in bribes annually. This is not surprising in the context of a World Bank study of state wages in seventeen industrialized countries where Russia came in sixteenth of seventeen, just ahead of Hungary. The average civil service salary is \$113 per month, less than a third of the average salary in Moscow in 2002.

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