The Centralization of Russian Federalism Under Vladimir Putin:

A Study of the Urals Federal District

by

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For my parents

Abstract

This thesis provides a detailed examination of the centralization of the Russian federal system under the leadership of Vladimir Putin. The focus includes an assessment of the construction of the Russian federal system in the 1990's, the logic and measures of centralization under Vladimir Putin, the study of the duties and functions of the federal districts as well as an account of the relationship between the Urals Federal District and Sverdlovsk Oblast.. Analysis is drawn from the use of first hand material gathered in Yekaterinburg, Russia. The author concludes that the current drive for centralization in Russia, especially through the creation of the federal districts, ended the impetus for decentralization which characterized the 1990's. This author also concludes that centralization under Vladimir Putin was mostly accomplished using informal means.

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Introduction

The collapse of the Soviet Union is undoubtedly the most politically relevant event of the end of the last century. It ended the division of the world in two distinctive ideological blocs and created a myriad of politically weak states. The task of these newly independent states in reconstructing their post communist political systems proved a daunting task that most of them have yet to complete.

All these states had to disentangle themselves of the former official tenets of communist ideology, build a new political culture, rebuild their economies on the basis of the free market and ideally join the concert of modern democratic nations. However, this process proved difficult once the initial honeymoon with these newly imported ideas ended. For most of these countries, the difficulty of dealing with the new complexity inherited from this newfound situation proved problematic if not intolerable. If reforming unitary and homogeneous states proved more complex than expected, the difficulty to implement radical changes in post communist federations, where diversity was the rule, showed that pursuing reforms in multi-tiered political systems provided a number of additional problems making the task even more difficult.

Of all the federations composing the communist bloc (Czechoslovakia, Yugoslavia and the Soviet Union) not even one was able to retain its territorial integrity and survive these hardships. The idea of federalism in this part of world was therefore ensured a widespread discredit. However, against all odds, Russia

as one of the Soviet Union's successor states pursued the uncertain federalist path with relative success in terms of its capacity to survive a foreshadowed disintegration.

Except for the challenge created by Chechnya, Russia was able to muddle through its first years without worrying too much about disintegration. This accomplishment is not to be overlooked since its survival seemed unlikely, even for a number of respected academics. However, Russia's successes in curbing separatist demands are eclipsed by a string of social, economic and political problems plaguing society. These problems took roots on a number of contentious issues, but one of the most problematic questions in Russia concerns centre-regions relationships.

In most post-communist states, conducting reform was a daunting task. It provoked social crises, undermining the capacity of already weak states. Reform, to be effective, had to reach all areas of society. This social engineering approach had to be accomplished with enough determination and efficiency to create a new and working system based on democratic principles and values.

It is common knowledge in political science to think that the creation of a democratic political culture is only possible with the presence of local governments. Proximity is therefore the basis of a nascent democratic political culture, making the presence of regional governments something inherently good for democracy. However, this proposition is weak when it is time to take the debate further.

Russia, with its unique asymmetric federal system, is an interesting laboratory to look at the federal relationships between the center and the regions

in countries in transition. Whereas in unitary states policy can be enacted on a national basis without being filtered by other constitutionally recognized political entities, the federal government actions in Russia had to be strained through more than 89 regions differing in population, resources, culture and economy. The federal structure therefore created the conditions to make the road to reform even more difficult than for the other post-communist countries while impairing the capacity of the federal government to use its constitutionally defined prerogatives to enact policy on a national level.

If the road to reform proved to be difficult during the first ten years of the Russian Federation, the arrival of Vladimir Putin at the presidency seemed to change the fundamentals of the system, at least topically. This thesis will address the issue of the centralization of the Russian federal system under Putin, especially by studying the creation of the seven federal districts. The focus will be general for most of the thesis, ending with a case study of the Urals Federal District, where the author spent ten months in 2001-2002.

Much ink has been spilled on the issue of the federal districts, but almost no scholarly sources effectively address the issue. As a consequence, since this thesis is dealing with a relatively short historical record and only a small number of scholarly sources address the subject, we will refrain from testing an hypothesis. Since It is exploratory research, testing an hypothesis would prove futile. However, this exploratory question can be answered: What are the main actions and methods used by Vladimir Putin to centralize Russian federalism and what is the place of the federal districts in this centralization scheme?

This thesis will begin with an assessment of Russia's federal structure from its conception in 1993 to Yeltsin's retirement in 1999 by trying to understand the internal dynamics of the Russian Federation. A review of literature on the genesis of the Russian Federation will help us in understanding the difficulties facing modern Russian Federalism and provide support for the thesis that it is in need of serious overhaul. The second part will focus on the logic behind Putin's centralization after his election to the presidency in 2000. By looking at the methods used to centralize Russian federalism and to gather support, It will be possible to have a better grip on Russian political realities and therefore, helping us in assessing Putin's efforts to overhaul the Russian federal system. Third, we will focus on the study of the new institution that are the federal districts. By studying the nature and functions of this new structure, we will be able to see what place the presidential representative (or polpred) holds in the new Russian political environment. The fourth and last chapter will be a case study of the Urals Federal District, especially by looking at the relationships between Eduard Rossel, the region's governor and Pyotr Latyshev, the presidential representative. This last chapter give us some insight on how the presidential representative handles his work and enable us to better understand the strategies used by the polpred against his political opposition.

1. An Assessment of Russian Federalism: 1993-1999

This first chapter will lay the foundations of our study of centralization in Russia. In order to understand the changes put forward by President Putin, there is a need to have a basic knowledge of the objective conditions calling for an overhaul of the Russian federal system. Therefore, the aim of this chapter is to affirm that the Russian federal system is in need of serious reform.

The first part of this chapter has a simple but necessary goal, which is comparing Russia with the general theory of federalism. By defining the basic tenets of federalism, we will assess what are the main characteristics of the Russian case. Second, we will try to gain a better understanding of Russian federalism by putting together a synthetic explanation on the process of federalization in Russia during the 1990's. By doing so, tracing the roots of the flaws affecting centre-regions relations will be much easier. The last part will begin with a counter-intuitive argument. This argument is that the process of democratization in Russia, linked with federalization, contributed to creating a largely unworkable federal system where the federal government lost control of its constitutional prerogatives. Thereby, it was unable to foster a common ground for all citizens of Russia.

First, to fully comprehend the Russian federal system, we need to define the vocabulary of federalism. Since federalism implies a variety of political organizations, we have to narrow down the terms used to ensure comprehension.

The expression federalism refers to the advocacy of multi-tiered government combining elements of shared-rule and regional self-rule. (...) The essence of federalism as a normative principle is the perpetuation of both union and non-centralization at the same time.”¹ This definition of federalism is useful in understanding the values behind federal political arrangements but is silent when it is time to assess the institutions related to federalism.

If we want to know more about the workings of a particular political system, the study of its institutions is essential. Since Russia is constitutionally defined as a federation, we will identify the characteristics of federations.² We will base our definition on the description given by Ronald Watts. A federation is a political system divided into two orders of government, with a formal constitutional distribution of powers ensuring areas of genuine autonomy for each order. This

¹ Ronald Watts, Comparing Federal Systems in the 1990 (Kingston: Institute of Intergovernmental Relations, 1996).

² Russia is composed of 4 types of regional subdivisions Ethnic republics or Autonomous Republics are territories in which a titular minority enjoys special rights. (i.e. Tatarstan, Sakha). Administrative divisions, such as Krai, Oblasts, are subjects of the federation but not created to support minorities. These territories are usually populated primarily by Russians. (i.e. Sverdlovsk). National subdivisions, such as autonomous oblasts or autonomous okrugs, are territories located inside an Oblast or Krai (except Chukotka) to give special rights to a minority group (i.e. Yamal Nenets). The last category is the status of federal city given to St. Petersburg and Moscow. (Except Chukotka, which is not inside another unit's jurisdiction)

system is secured by a “supreme written constitution not unilaterally amendable, a judicial system to rule on disputes between governments and mechanisms to facilitate intergovernmental collaboration on shared or overlapping responsibilities.”³

Asymmetrical constitutional responses have been widely used in modern federations as a security valve for centrifugal pressures. The example of the acceptance of the civil code in Quebec and the Spanish model are two cases of asymmetrical constitutional responses to political and social pressures. Nevertheless, a driving principle in these cases was to keep asymmetry manageable by establishing it within a constitutional framework linking it to a broader scheme that does not threaten the overall equilibrium of the system.

In Russia, the story is quite different. Since the adoption of the Russian Constitution in 1993, more than 46 bilateral treaties have been signed with the subjects of the federation, making the workings of the Russian federal system largely extra-constitutional. This bilateralism and extreme particularism led to what Gail Lapidus calls the “War of Laws”.⁴ This is the most important foundation of the Russian asymmetrical federalism.

The lack of respect for the constitutional distribution of powers also makes Russia a bit of an exception. The Russian Constitution of 1993, even if it states the obligations and powers of the subjects of the federation, is in fact not

³ *Ibid.* p.7

⁴ Gail W. Lapidus, “Asymmetrical Federalism and State Breakdown in Russia,” *Post-Soviet Affairs* Vol.15, No.1, (1999) p.78

respected by a number of federal subjects. Thus in theory, the provisions of the constitution are there to delineate the powers of the different units of the federation but in practice, the regional units and the centre do not always respect the spirit of federal systems where powers and jurisdictions are legally separated and respected by all members. The federal government is also unable to uphold its laws and values with its judicial system: “for now the Court (Constitutional) remains an ineffective body for reliably stemming the rising tide of regional autonomy.”⁵ Hence, the Russian Federation cannot legally uphold its fundamental principles with the help of tribunals. The courts are ineffective, leading to extra-constitutional initiatives, undermining the legal foundations of the system. Still in this category, the Russian Federation is in contradiction with the theory on federalism, where respect for legal principles is key to the success or failure of the system.

The last prerequisite of our institutional definition of federations is the presence of mechanisms to facilitate intergovernmental collaboration in the case of conflict or overlapping responsibilities. In Yeltsin’s Russia, these were more often regulated through bilateral relations instead of multilateral arrangements, exacerbating the already existing problems of regionalism in the federation.

Russia is called a federation, but practically speaking it is not a typical case. In fact, looking only at the institutions can be misleading at times because it does not grasp the internal dynamics of federalism. To this day, Russia does not

⁵ Ibid., p.100

respect one basic foundation of federalism which relates to the respect of the other's integrity. The lack of respect for the constitutional division of power implies great difficulties for the political process inside the federation. If the basic conditions to create a national social bond are not in place, the prospects for the survival of the federation should be rather grim. If this situation is linked with a poor institutional framework, such as the one in Russia, it is difficult to understand why Russian federalism survives. However, the case of Chechnya is so far the only example that actually threatened the territorial integrity of the Russian Federation.

1.2. The Process of Russian Federalization

We should start our description of the process of federalization in Russia with the general assumption made by Ronald Watts. If "the history of most federations indicates that federations are essentially a pragmatically evolving rather than static form of government"⁶, we can understand why certain choices have been made, and why such complications are part of the political and constitutional landscape of federations.

Filippov and Shevtsova developed a path-dependence explanation of choices made in the Post-Soviet period depicting the reliance on previous conditions in the adoption of a new political system. They put the emphasis on

the institutional architecture and processes present during the late Soviet period, to understand the current political arrangement. Path-dependency in Russian federal bargaining meant that political actors from the centre were immobilized by a “status-quo constraint effectively instituted before independence”⁷, making any other arrangements more difficult. However, this description does not take clearly into account the decisions of leaders in the formation of the political system; however it can be useful in locating the genesis of asymmetry in the political institutions, the way basic constitutional units were formed and the bargaining of the early 1990’s.

If the foundations of asymmetry were found in the Soviet Union, what made them the central component of the construction of the new Russian political system? The answer is to be taken from Jeff Kahn: path -dependency is probably not to be found in the former USSR, as opposed to Filippov and Shevtsova, but in the “Parade of Sovereignities” that followed the political battle between Gorbachev and Yeltsin in 1990. This approach brings in the elite factor in the formation of the new political order by declaring the sovereignty of their political entities:

“The ruling elite had very strong motives to take a leading role in declaring sovereignty. Democratic legitimacy was suddenly conferred on officials who had done little in their careers to earn it; those who decided to remain in

⁶ Watts, p.115

⁷ Mikhail Filippov, Olga Shevtsova, “Asymmetric bilateral bargaining in the new Russian Federation: A path-dependence explanation,” Communist and Post-Communist Studies Vol.32, (1999), p75

government had every motivation to protect their positions in an increasingly uncertain environment.”⁸

Indeed, the *Parade of Sovereignities* left the door open to the re-legitimization of elites through democratization and assertion of local autonomy. The cascade effect had the consequence of reassuring the “conservative creatures”⁹ that were the regional *nomenklatura* of the attainability of their desires for autonomy. After this *Parade of Sovereignities*, reasserting the central power over the regions proved impossible. The break had happened and the legitimacy of the regional powers proved to be an outstanding asset in carving spheres of autonomy.

We have now to ask ourselves why the local elites did not push their desire for sovereignty to the creation of independent nation-states. This question is a legitimate one because we normally assume that nations want to assume their sovereign right to govern themselves. We could therefore think that the autonomous republics, which are ethnically defined, should have strived for independence. As we saw, the example of Chechnya was the only one where this desire for independence went further than calls for political, cultural and economic autonomy. The answer can be found in the conclusions of Joan DeBardeleben on the prospects of federalism in Russia. By asserting that most regional demands were economic rather than national, the potential for instability

⁸ Jeff Kahn, “The Parade of Sovereignities: Establishing the Vocabulary of the New Russian Federalism” *Post-Soviet Affairs*, vol.16, no.1, 2000, p.65

was reduced greatly. As she noted rightfully, economic goods are divisible, while national aspirations are not.¹⁰

Therefore, what happened where national aspirations proved to be a liability? A good example can be found in Tatarstan, an Autonomous Republic located on the banks of the Volga in European Russia. The surprising fact about Tatarstan is that even though ethnicity seemed to play a major role in federal relations, “mass mobilization proved unsuccessful in the Tatar environment.”¹¹ Tatarstan was the first Autonomous Republic to sign a bilateral treaty with Moscow. This process, described by Moukharianov, shows that pragmatism was key to the acceptance of bilateral treaties:

“the harsh rhetoric and legal maneuvering on constitutional issues proved little more than a smoke screen masking intensive activity based on mutual agreement between the ruling elites in Kazan and that in Moscow on spheres of interest and responsibility.”¹²

In fact, separatism based on ethnicity never had the high ground in the Russian Federation. Gail Lapidus explains why ethno-national separatism did not secure widespread appeal in Russia. First, the Autonomous Republics, even if they were created to give special rights to sizeable minorities, rarely contained a majority of citizens of the titular nationality. Second, the readiness of Moscow to

⁹ *Ibid.* P.61

¹⁰ Joan DeBardeleben, “The Development of Federalism in Russia”, Beyond the monolith; the emergence of regionalism in post-Soviet Russia. (Washington, D.C., W. Wilson Center Press. 1997), p.225

¹¹ Nail Midkhatovich Moukharianov, “The Tatarstan Model: A Situational Dynamic” in Beyond the monolith; the emergence of regionalism in post-Soviet Russia. (Washington, D.C., W. Wilson Center Press. 1997), p.225

strike bargains with regional elites proved a strong stabilizing factor¹³. This process proved to be useful for regional elites to accomplish their power grab and assert greater control inside the borders of their territories.

The fact that the process was elite driven, linked with the feebleness of the civil society, alleviated the pressures on the nascent federal system. "Since ethnic communities are unlikely to be the direct subjects of relations, it is more useful to focus on the behavior of elites who claim to represent groups or peoples." ¹⁴If regional elites found their interests in striking deals with the centre, it is likely that their desire for ethnic mobilization was greatly reduced:

"The often chaotic and ad hoc bargaining process surrounding these negotiations, the demands of republic and regional elites tended to converge around similar issues: greater political and economic control over decisions affecting their regions or republics, and more respect to taxation and resource allocation.(...) If the threat of secession once gave the republics a unique source of leverage in bargaining with the centre, arguably the governors of key regions have available to them other assets that can be deployed."¹⁵

The establishment of a *contractual rather than constitutional* relationship between the centre and the periphery is what characterizes the post-Soviet federal arrangement. This arrangement, entrenching particularism in the centre-region relationships, will have lasting impacts on the practice of federalism in Russia.

¹² *Ibid*, p.221

¹³ Gail W. Lapidus, "Asymmetrical Federalism and State Breakdown in Russia," *Post-Soviet Affairs* Vol.15, No.1, (1999) p.75-76

¹⁴ Moukhariamov, p.225

This situation breeds two types of conflicts, conflicts over jurisdiction and conflicts over resource allocation.¹⁶ The flexibility of the Yeltsin administration, even if it proved an efficient way to defuse tensions, created a political environment in which the federal government lost its capacity to regulate federal relations:

“In sum, rather than taking the lead in defining and, in so doing, limiting what the regions have the right to do, the centre has simply reacted to what regions demand. The treaties and agreements themselves amount to a rather inconsistent and vague regional policy conditioned more by demands placed on the central government than any cohesive federal government strategy aimed at containing only the most rebellious regions.”¹⁷

The process of negotiating extra-constitutional bilateral treaties was therefore not always in accord with the creation of a common social and political bond for all citizens of Russia. In fact, some of these treaties contradict the Russian constitution of 1993. This reality, coupled with the incapacity of the central government, left regions largely autonomous in a number of jurisdictions that were constitutionally given to the centre. As Kathryn Stoner-Weiss suggests, the regions acquired “*de facto* autonomy because the centre had defaulted on many of its jurisdictional responsibilities.”¹⁸ The central government’s financial and political incapacity to bring the regions in line created an impetus for

¹⁵ Lapidus, “Asymmetrical” p.78

¹⁶ Ibid. pp.78-79

¹⁷ Kathryn Stoner-Weiss, “Central Weakness and Provincial Autonomy: Observations on the Devolution Process in Russia” Post-Soviet Affairs, vol.15, no.1, (1999), p.9

¹⁸ Ibid.p.94

regionalization, which is, according to Stoner-Weiss, largely self-sustaining, creating a political environment going against political and economic union.

Russian federalism evolved in a way that impedes the formation of a coherent federal system. This lack of capacity is therefore worth examining in light of the process of democratization in post-Soviet Russia. Since Russia had to democratize itself while building its federal structure, our next section will concentrate on the effects

1.3. Difficulties Facing Russian Federalism

It is widely accepted in political science that the presence of a multi-tiered political system is inherently good for democracy and gives citizens the capacity to be closer to political power. As an example to understand this way of thinking, a citation from R.V. Daniels is helpful:

“By distributing power, federalism curbs arbitrary rule, both at the centre and locally. It decentralizes responsibility while providing a mechanism to restrain potential local conflicts and abuses. It provides a school of democracy, and it quite literally brings government closer to the people”¹⁹.

This assumption is interesting but it can be weak when it is time to take the debate further. It can be true that federalism in consolidated democracies can

¹⁹R.V Daniels, “Democracy and Federalism in the former Soviet Union and the Russian Federation”.In: Stavrakis, P. Beyond the Monolith: The Emergence of Regionalism in Post-Soviet Russia. Edited by J., DeBardeleben,. and L. Black,. p. 233

yield such results but it needs the presence of specific preconditions that are defined by Przeworskii:

“Citizenship can be universally exercised only when the normative system is guided by universal criteria when the rule of law is effectively enforced, when public powers are willing and able to protect rights, and when all individuals enjoy some social and economic prerequisites (and) governments and officials...act in accordance with the constitution and the laws.”²⁰

In short, the inherent qualities given to federal regimes by Daniels can only be effectively exercised by consolidated political systems where central institutions can create a common legal, economic and political sphere. In the following parts, we will point out the main difficulties facing Russian federalism. We will, in this way, assess the political proximity created by Russian federalism created a system that guarantees the rights of citizens regardless of their region of residence.

1.3.1. How Was Regional Authoritarianism Possible?

The collapse of the Soviet Union had the consequence of creating the Russian federal system. As argued before, the adoption of the federal idea to construct the new Russian state was highly dependent on the organization that characterized the Russian republic during the existence of the Soviet Union. This

²⁰ Adam Przeworskii quoted in Cameron Ross, “Federalism and Democratization in Russia” in *Communist and Post Communist Studies*, vol. 33, (2000), p. 418

path-dependence was even less avoidable in light of the weakening of the Russian state and the impossibility for the centre to impose its views on the construction of a qualitatively new system.

“The decentralization of government is directly reflected in an increase in the powers and a rise in the political status of local bodies of power, and this was aided, to no small degree, by the collapse or weakening of vertically integrated power structures throughout the country (above all, the elimination of the CPSU) and by the beginnings of funding and property redistribution to the benefit of the regions.”²¹

By the end of 1993, most legal norms for the formation of regional political institutions were in place. First, the Constitution granted to the subunits of the Russian Federation “the rights to establish their governmental system independently, in accordance with the basic tenets of the constitutional system.”²² The Law on the Krai and Oblast Soviets established explicit norms for the reform of governmental systems in the federation. This law provided the President the right to appoint regional leaders, did not give the assemblies any right of veto over the executive and did not define any mechanisms to sanction the regional head.

Such delineation of powers between the executive and the legislative was unlikely to create a bond between the executive, the popularly elected assembly and the local population. Even if the dispositions contained in this law are no

²¹ Vladimir Gel'man, 'Regional Power in Contemporary Russia: Institutions, Regimes and Practice', *Russian Politics and Law*, vol.37, no.1, (1999), p.5

²² *Ibid.* p.16

longer active, this law provided a strong impetus for the creation of a certain style of governance. As Gel'man argued, "a clear tendency toward a presidential type of separation of power, observable in Russia's regions, has in a sense encouraged antidemocratic tendencies in the formation of regional political regimes."²³ It created omnipotent executives, subordinate assemblies and prompted the creation of a style of governance flirting with authoritarian tendencies. From 1995 some assemblies, especially the Sverdlovsk Duma under the leadership of Eduard Rossel, forced the federal government to allow the election of governors in the regions. (The Presidents of the republics already had secured this right). By the end of 1996, all governors had to be popularly elected. However, some elected regional heads of government used this newly acquired legitimacy to pursue sometimes less than democratic and sometimes unconstitutional agendas, especially in the republics.

The transition model sees in the collapse of the Soviet Union signs of liberalization leading to the creation of a democratic system. According to proponents of this model, the liberalization of politics and society creates one outcome, a transit to democracy. However, it is possible to use an 'open-ended' model to assess the outcomes of radical political changes. In this case, the result of the "democratization" will not necessarily evolve in the creation of a democratic political system. The 'open-ended' model starts from the assumption that the

²³ Ibid. p.24

collapse is due to the “decline of ancien regime.”²⁴ This decline leads to the breakdown of the regime, brings uncertainty which leads to the installation of the new regime. The new regime is not necessarily democratic though it might use democratic legitimisation to put an end to uncertainty. Then, we see the institutionalisation of this new regime that is not necessarily committed to democratic values.

In Russia's regions, we can clearly see the results associated with the process of democratization. What is most surprising about Russian federalism is the startling diversity of political systems in the regions. As one journalist from the *Los Angeles Times* reported, Russia is “a contemporary Holy Roman Empire with a wide-ranging spectrum of political, from anti-Semitic dictators in the Krasnodar region to corrupt patriarchal regime in Moscow and liberal capitalism in Novgorod.”²⁵ In no other federation can we see such a diversity of political regimes. This overwhelming diversity ultimately shows the position of weakness of the federal government throughout the process of federalization in Russia. Such diversity obviously made the actions of the federal government more difficult, especially where authoritarian regimes held power. Lacking effective legal tools and political power to enforce its constitution, the federal government acted like a passive bystander.

²⁴ *Ibid.* p.952

²⁵ Y. Latynina quoted in: *Los Angeles Times*, Sept. 14, 1999, reprinted in Nicolai Petro, “The Novgorod Region: A Russian Success Story, *Post-Soviet Affairs*, vol.15. no.3, (1999) p.257

1.3.2. Legal Nihilism Against Federalism

To assess Russia's performance in ensuring basic rights for all citizens of the federation, we will use the characteristics of citizenship given by Przeworski earlier. The first criterion used by Przeworski to define citizenship, namely the rule of law, could be defined using Peter H. Solomon's definition: 1) The presence of uniform, effective and binding legal norms on all; 2) a hierarchy of legal rules, including laws and bureaucratic regulations and 3) the enforcement of these rules by independent courts and legal services that are respected trusted and used.²⁶

This definition can be illustrated by various examples. According to Yuriy Skuratov, the former Prosecutor-General of Russia, "between 1996 and 1998, prosecutors at all levels had challenged and reversed over 2000 laws and resolutions passed by regional legislatures that violated the Russian Constitution."²⁷ As stated by the Ministry of Justice, more than 22000 acts adopted by regional legislatures were in violation of the constitution and of federal legislation between 1995 and 1997.²⁸ Another even more disturbing article in the *Russian Regional Report* stated that 399 regional directives of the

²⁶ Peter H. Solomon Jr, "The Limits of Legal Order in Post-Soviet Russia" in Post-Soviet Affairs, vol. 11, no.2, (1995), p.89

²⁷ Lapidus, "Asymmetrical"p.78

²⁸ Cameron Ross, "Federalism and Democratization in Russia" in Communist and Post Communist Studies, vol. 33, (2000), p. 408

Voronezh Oblast Duma adopted in 1998 violated human rights.²⁹ Since Article 2 of the Russian Constitution is supposed to guarantee “recognition, observance and protection of human and civil rights and liberties”, this example shows the incapacity of the Russian Constitution to act as the fundamental law of Russia. These examples show that there is widespread disregard for the Constitution, the Courts and the federal order. Ronald Watts helps us to understand how a lack of respect for the fundamental law and common institutions can impact on the workings of a federal system:

“Recognition of the supremacy of the constitution over all orders of government and a political culture emphasizing the fundamental importance of respect for constitutionality are therefore prerequisites for the effective operation of a federation. If these are lacking a federation is likely to deteriorate to a situation where one or other order of government subordinates the other thereby undermining the basic constitutional coordinacy which is an essential feature of federations”³⁰.

Such circumstances obviously infringe on the rights of citizens and impede the formation of coherent national policies. If national efforts to enforce equality among citizens are not respected, we can cast a doubt on the possibility of the Russian federal system to act as a school of democracy.

One more interesting fact concerns the lack of confidence of the public in the judiciary. As stated in a survey conducted in five Russian regions, the judiciary is one of the least trusted institutions by the population of these

²⁹ A. Muchnik, *Russian Regional Report*, vol.4, no.15, .p.8 reprinted in Ross, *Federalism and Democratization in Russia*” in Communist and Post Communist Studies, vol. 33, (2000),p.409

regions.³¹ This lack of confidence is reflected by the way contracts are enforced in a majority of cases in Russian business:

“Rather than turning to law, Russian managers prefer to stick to tried-and-true methods of conducting business. When problems arise and negotiation proves fruitless, their recourse is typically not to the courts but to informal mechanisms. For most, these methods of resolving disputes are preferable to relying on law. Indeed, they may be more efficient, in a real-world sense, because they are more familiar....When asked why they avoid the courts, managers often reveal their suspicion that extralegal powers will inevitably override a legally correct position.”³²

This lack of trust in the institutions that act as one of the major pillars of a democratic order discredits the principles of a law based state, the ultimate precondition for the establishment of a democratic federal system. Since federalism is a contract between different levels of government, the absence of an effective and independent legal and judicial system to enforce the basic features of the contract can only play against the principle of equality. The issue of financing the court system is also problematic. The Supreme Court Chairman, Vyacheslav Lebedev “agreed that judges often become dependent on the local authorities because of a lack of financing.”³³ When courts needed to be consulted, the local authorities sometimes “used the law” instead of being “ruled” by it to secure advantage over opponents:

³⁰ Watts, p.91

³¹ Joan DeBardeleben (ed.) Russia's Regions Face the Challenge: A Study of Diverse Responses to Changing Conditions, Carleton University: Ottawa, p.93

³² Kathryn Handley, “Rewriting the Rules of the Game: The Neglected Issue of the Demand for Law”, Eastern European Constitutional Review Vol.8, No.4, (Fall 1999)

³³ Sergei Pushkarev, “Supreme Court Chief Visits Yekaterinburg”, Russian Regional Report, Vol.5, No.46 (December 13, 2000) Please note that all Russian Regional Reports were taken from the East West Institute's website at: www.iews.org

“Courts cannot deliver quick and high-quality decisions. In recent years, the court system has received about half of the necessary funding. The judges are overburdened with the dramatic increase in cases brought by citizens and many have resigned to pursue more lucrative jobs in the private sector. Additionally, it is unlikely that the judges working in the courts of general jurisdiction would be able to return decisions against the regional leaders because they often receive material support from the governors to make up for the federal funding shortfalls.”³⁴

The 46 bilateral extra-constitutional agreements signed by the centre with various regions are other factors playing an important role against the creation of a polity-wide democratic system. As Peter Stavrakis noted:

“Power in provincial Russia is less a contest refereed by legal norms and political institutions than a set of power relations negotiated between key political elites. The results of such agreements, in stark contrast to a federal system, depend heavily on the character of the elites and are therefore subject to abrupt change....Regional elites thus circumvent constitutional norms to strike their own bargains with the center, creating a set of bilateral agreements that cannot be easily reconciled within a single constitution. It is as if Russia and its new rulers have retained their traditional practices despite the presence of new formal institutions. Imperial habits have insinuated themselves into democratic practice, creating a heterodox system.”³⁵

Adopted sometimes hastily, in order to secure political advantage and to create a barrier for secessionist ideas, the treaties contributed to the entrenchment of particularism in the Russian political system.³⁶ These agreements proved little more than face-saving measures from a weak central

³⁴ Svetlana Mikhailova, “Putin Seeks Administrative Courts as Tools Against Governors”, Russian Regional Report, Vol. 5, No. 42 (November 15, 2000)

³⁵ Peter J. Stavrakis, “Understanding Russian Regionalism: What Remains to be Done”, Russian Regional Report, Vol. 2, No. 22 (June 19, 1997)

government that had lost control of the situation. As Yegor Stroyev, the former Chairman of the Federation Council argued,

“We now have a situation whereby some poor regions are totally dependent on the centre and no real federal relations exist whilst a second stronger group has the trappings of federalism and finally the most powerful autonomous entities such, as Tatarstan, coexist with Moscow as part of an exclusive club of confederative states.”³⁷

Therefore, the centre institutionalized its position of weakness and provided a quasi-constitutional legitimacy to an unworkable federal order. More than 19 of Russia's 21 republics violate the Federal Constitution³⁸. Alfred Stepan explains the exceptional character of Russian federalism:

“A further lack of conformity with democracy (indeed a gross incompatibility) is that many of the bilateral treaties are also substantively exceptional for a democratic federation because they contain passages or agreements that are in violation of the Federal Constitution.”³⁹

Russian federalism, as a consequence, evolved in a largely extra-legal framework, where even the governments composing the system proved a total disrespect for the fundamental pillars of this new federation. However, It would be unfair to put the blame only on regional governments. As Nikolai Voronin noted in an interview with the Yekaterinburg-based monthly *Direktor*. “The subjects of the federation began to regulate questions which were under the

³⁶ Jeff Kahn, “The Parade of Sovereignities: Establishing the Vocabulary of the New Russian Federalism,” *Post-Soviet Affairs* Vol. 16, No.1(2000), pp.80-85

³⁷ Yegor Stroyev quoted in: Ross, p. 404

³⁸ R. Parish quoted in Ross, p. 408

exclusive competence of the federal government such as military service, the judicial system, the courts, the procuracy, the Ministry of Internal Affairs (...)”⁴⁰ In some cases, these unconstitutional responses were driven by power-hungry local political elites. However, it was not always the case. The formation of a qualitatively new political system implied broad changes in society. Political actors found themselves surrounded by problems on which legislation was sometimes non-existent. In such cases, the regional governments had to act swiftly in order to address those problems. According to Voronin, the subjects of the federation sometimes decided to go against the constitutional division of power simply because they could react more quickly than the federal government to fill the legal vacuum.⁴¹

As we noted in the last paragraph, legal nihilism in Russia cannot only be attributed to the greed of regional political elites. The roots of this problem can also be found in the legal vacuum following the collapse of the USSR. Conditions were changing rapidly but the federal government simply could not keep up the pace. The subjects of the federation therefore legislated beyond their constitutional powers to insure that some issues of prime importance were addressed by legislation. Even though some laws were badly needed in order to fill the legal vacuum (such as land ownership), their adoption by regional

³⁹ Alfred Stepan, “Russian Federalism in Comparative Perspective” Post-Soviet Affairs, vol.16, no.2, 2000, p.144

⁴⁰ Interview with Nikolai Voronin, Chairman of the Sverdlovsk Oblast Duma Committee on Social Policy, “Edinoe pravovoe prostranstvo: problemy formirovaniia ,” Direktor -Yekaterinburg , no.5,

governments “led to the non-fulfillment of all constitutional norms concerning the primacy of federal over regional legislation.”⁴²

The lack of cooperation between the federal and regional governments created a shaky political structure, with an unclear and blurred division of power. The largely extra-constitutional order created by such process has a strong impact on the political culture of modern Russia. Regional governments, during the last 10 years, got accustomed to do politics on their own, without really taking into account that they were in fact part of a federation, not sovereign states. To create a strong federal system, this culture of legal nihilism will have to be curbed since no federal system can work effectively without clear rules of the game for everyone.

1.3.3. Politicized Fiscal Federalism

Another feature of federations is the presence of fiscal transfers between the central government and the subunits in order to redistribute funds to the different units composing the federation. Since in most federations the federal government controls most tax raising powers, these transfers are needed to provide necessary resources for the units to fulfill duties as stated in the

(June 2001) p.108 Please note that all translations from Russian are free translations from the author

⁴¹ *Ibid.* p.108

⁴² Sergei S. Mitrokhin, “Predposylki i osnovnye etapy detsentralizatsii gosydarstvennoi vlasti v Rossii”, *Tsentr- Regiony- Mestnoe Samoypravlenie*, (Sankt-Peterburg: IGPI- Letnii Sad) p.69

constitution. A way to redistribute federal funds is to provide equalization transfers in order to alleviate fundamental inequalities between the different regions. The equalization transfers, as Watts noted, are needed to reduce “disparities in wealth among regions within a federation which are likely to have a corrosive effect on cohesion within a federation.”⁴³

If the federal government subsidizes the poorest and neediest regions, the central government not only theoretically lessens the chances of seeing serious challenges to its authority but also recognizes a desire to equalize the conditions of all its citizens. However, these transfers are not always perceived this way by regional governments. The allocation of resources can lead to apparent inequalities, producing a perception that one does not receive its fair share of federal funds. Therefore, these transfers can be a potentially contentious issue in federal systems.

According to Zhuravskaya and Trounin, there are six principles needed in fiscal federalism to create a level playing field for all units and a cohesive mechanism for the central government. One of them concerns the politicization of these transfers:

“Equality of all regions in their budget relations with the federal center and of all localities in their relations with the regional center. Any discrimination against or for certain regions or localities should absolutely not be allowed”⁴⁴.

⁴³ Watts, p.45

Zhuravskaya and Trunin argue that, according to this criterion, Russian fiscal transfers are heavily politicized.⁴⁵ Daniel Treisman found a strong correlation between the augmentation of direct transfers and the fact that regions voted against pro-reform parties in the 1993 and 1995 elections.⁴⁶

“Yet fiscal politics remain anything but divorced from political bargaining and manoeuvres (...) Fiscal appeasement appears still to be a major motif in the allocation of central benefits.”⁴⁷

Thus, according to Treisman, during the first half of the decade the transfers were targeted to pacify the troublemakers. Popov found a reversed correlation after 1996, meaning that total federal transfers were strongly influenced by the support of the regions to pro-Yeltsin forces in the 1995 and 1996 elections⁴⁸. Even if their results contradict, due to the fact that they used different methodologies, their studies clearly show a strong political factor playing in Russian fiscal federalism.

Even if federal fiscal transfers are never fully depoliticised in any federation, we can nevertheless affirm that the process of allocating federal resources to the regions in democratic federations is, to some extent, or should

⁴⁴ E. Zhuravskaya, I. Trunin, Problems of Fiscal Federalism in Russia, http://www.online.ru/sp/cepra/publics/eng_paper5.htm

³⁴ *Ibid*

⁴⁶ Daniel Treisman, “Deciphering Russia’s Fiscal Finance: Fiscal Appeasement in 1995 and 1996”, *Europe-Asia Studies*, Vol.50, No.5, (1998), p.904

⁴⁷ *Ibid*, p.904

⁴⁸ Vladimir Popov, *Rules versus Electoral Politics: Fiscal Federalism in Russia*, <http://www.nes.ru/public-presentations/Papers/Popov.htm>. 2001

be transparent and is strongly related to the idea of accountability. As Ronald Watts noted, “because of the importance of these issues, federal-provincial financial relations have been a matter for extended discussion in innumerable committees of federal and provincial officials and the source of much public polemics between federal and provincial governments.”⁴⁹ In this matter, civil society plays an important role in the political arena in which federal-regional fiscal transfers are discussed. A strong civil society in democratic federations may serve as a watchdog of this bargaining and voice concerns over perceived inequalities.

In Russia, as in other democratic federations, fiscal transfers are prone to political bargaining. However, the secretive nature of intergovernmental relations in Russia, which are to a certain extent intra-elite bargains where accountability is not always an issue, in conjunction with the weakness of civil society cannot provide checks-and-balance to this process. Moreover, the absence of multilateral negotiations impedes the creation of a potentially effective framework to resolve the issue of fiscal federalism. As Zhuravskaya and Trounin noted: “Over the last decade the federal government has signed bilateral treaties with different subjects of the federation that individually set its relationships with the regions. The terms of these treaties vary substantially and that creates a confusing and nontransparent system.”⁵⁰ Since the Russian Federation is

⁴⁹ Watts, p.45

⁵⁰ E. Zhuravskaya, I. Trunin, Problems of Fiscal Federalism in Russia, http://www.online.ru/sp/cepra/publics/eng_paper5.htm

composed of more than 89 units, the process is inevitably long and creates a bargaining market where the biggest and most influential players, such as Tatarstan, Sverdlovsk and Sakha, were awarded special tax-related concessions.⁵¹

In Russia, fiscal federalism plays only a partial redistributive role. The transfers are a lifeline for poor regions, especially for the northern territories. Theoretically speaking, these transfers are the cement of Russian federalism and democracy. However, the politicization of these transfers undermines the foundations of the system: Since the equalization transfers are diluted by political considerations, the formula created is not as efficient as it could be. However, in the last few years, changes have been introduced to reduce the influence of political considerations concerning fiscal transfers. The cancellation of the tax agreement between Bashkortostan and Moscow is a sign of this trend. As a consequence, Bashkortostan had to contribute for the first time to the federal budget in 2001.

Since fiscal transfers are contained in a closed envelope and the federal government cannot give more than it has, and there are obviously losers in this game.

⁵¹ Mitrokhin quoted in Ross, p. 409

1.4. Russian Federalism in the 1990's: An Unworkable Structure in Need of Reform

The weakness of the central government, legal nihilism, politicized fiscal federalism and the variety of political regimes in the regions were all factors which worked against the creation of a common denominator in Russian centre-periphery relations. As a consequence, the central government was unable to foster a common ground for all citizens of Russia. If living in Kalmykia does not entitle you to the same fundamental rights⁵² as the citizens of Moscow, the dual processes of democratization and federalization of Russia weakened to a great extent the capacity of the federal government to act as the guarantor of the constitution. The process of federalization in Russia entrenched particularism without creating effective counterweights to ensure the fulfillment of not only the sovereignty of the Russian Federation but also of its citizens. What is most important to remember is that the federal government lost control of the process of federalization. Coupled with democratic reform, the construction of Russian federalism legitimized the regional path even though it was not always in accord with the principles and the rules of the constitution. The federal government could only acknowledge what was happening since it lacked resources and political power to rein in the regions. When the federal government had resources available, they were ultimately tapped by the regional leaders who had an effective control over their territories. Federal agencies (MVD, procuracy) in the

regions were therefore used against the center because they depended on the regions' resources for their daily operation.

While there is disagreement over the desirability of the methods used under Putin to reform federalism in Russia, many analysts agree that at the federal system needed a serious overhaul. Before beginning our study of the Urals Federal District, we need to take a broader look at the responses put in place by President Putin to end “power deflation” and to restore the capacity of the federal government to enact policy in Russia. The creation of the Federal Districts is one but not the only mechanism to recentralize power in Russia. Therefore, to understand the logic of federal reform, we need to review the logic and measures behind the “reform package” pushed by the Presidential Administration since the election of Vladimir Putin to the Presidency in March 2000.

⁵² Here, I am not referring about total economic equality

2. Logic and Measures of Centralization under Vladimir Putin

The most pressing issue for scholars studying the Russian political system is to break the “Putin enigma”. President Putin puzzles observers of the political scene by his capacity to conceal who he really is and what he really wants. The study of federalism in Russia suffers from this ambiguity. The opacity of the Russian political system makes it difficult for observers to draw definitive conclusions, especially when much publicized aims seem blatantly to contradict the actions taken to ensure the achievement of these goals.

The following chapter will address, in a broad manner, what seems to be behind the logic of centralization of power in Russia while refraining from imposing any judgement on the efficiency or the legitimacy of the process or the methods being used. Since politics is all about choices, the main goal of this chapter is to explain how Putin ended up making choices to recentralize power in Russia. We will therefore try to put things in context, to see through the “Russian looking glass” in order to understand why and how Putin and the Presidential Administration decided to pursue such a course. As a result, we will be able to see that put in the Russian environment, the process behind centralization is a logical one, in line with Russia’s political environment although, not necessarily aligned with “Western” thinking.

2.1. Putting an End to Power Deflation

As we argued in the first chapter, the double process of federalization and democratization in Russia created an extremely decentralized political system that did not provide the federal government the necessary instruments to uphold its constitutional prerogatives. The election of Vladimir Putin in March 2000 marked a qualitative change in Russian politics. It symbolized the end of power deflation characteristic of the Yeltsin years and a new era of Russian self-assertiveness.

The establishment of a contractual instead of a constitutional federal system imposed strong limits to the ability of the center to uphold its constitutional prerogatives. A federal system needs a strong central government that can fulfill its mandates in order to guarantee the effective functioning of the system. However, the weakness of Yeltsin's Russia did not permit the creation of an effective federal system.

President Putin's effort to recentralize the Russian state cannot be seen as the first attempt to bring back order in the federal structure. Former Prime Minister Yevgeni Primakov, acknowledged the threat that an overly decentralized Russian state posed:

"In September 1998, newly appointed prime minister Yevgeny Primakov insisted that his "government must first and foremost pay special attention to preserving Russia as a single state...We are facing a serious threat of disintegration of our country." In January 1999, anticipating

the language that Putin would use just months later, Primakov called for the "restoration of the vertical state power structure, where all matters would be solved jointly by the center and local authorities" and insisted that separatist trends "must be quelled, liquidated, and uprooted."⁵³

However, his relatively short stay in office prevented him from implementing upon taking on the post of Prime Minister in 1999 Vladimir Putin began to fashion a new policy towards the regions. The first step in this direction was the federal intervention in Chechnya. The second Chechen war served two purposes. The first was to reassert control over a region where the federal government lost all of its leverage since the military withdrawal after the signature of the Khasavyurt agreement in 1996. In fact, Chechnya had become a closed and quasi-independent enclave controlled by a criminal regime where the federal government could not even set foot in. The second was to create the impression that the federal government under Putin was willing to use all of its might to reinstate order in Russia. The second Chechen war gave a strong impetus to the leadership of Putin. In fact, as Michael McFaul noted, (...) "this second Chechen war has been a popular one in Russia. During the 2000 presidential campaign, public support remained steady at 60 percent."⁵⁴

This high level of support helped Putin to win the presidential elections in the first round on the grounds of being the champion of order in Russia. The

⁵³ Matthew Evangelista, "Russia's Path to a New Regional Policy", PONARS Memo no.157, October 2000, All PONARS memos were taken from the following website: <http://www.csis.org/ruseura/ponars/publications.htm>

Chechen war helped Putin to bolster public opinion in favor of the federal government and therefore to prepare the ground for an offensive against the regions shortly after his inauguration.

2.2. A Strong Legitimacy

As it was stated in the last chapter, one of the main consequences of power deflation in Russia was to take away from the centre some important prerogatives to ensure the functioning of the federal system. Therefore, what Putin needed to take back these prerogatives from power-hungry regional elites was to establish a legitimacy strong enough to challenge what the regional heads saw as being their own. This legitimacy was conferred by his election after the first round of the presidential elections in March 2000.

The withdrawal of Primakov from the presidential race, after the poor showing of OVR at the legislative vote in December 1999 (less than 13% of the vote), had the consequence of sabotaging the efforts put in place by powerful governors such as Shaimiev and Luzhkov to bring to power a president with strong links to the regions. Therefore, they had to change their strategy or face crushing defeat. Seeing the growing popularity of the newly created Kremlin-

⁵⁴ Michael McFaul, "Russia Under Putin: One Step Forward, Two Steps Back", Journal of Democracy, May 2001, p.21

backed Yedinstvo movement, a number of governors changed their alliances, as

Richard Sakwa noted:

“The creation of Yedinstvo divided the regional lobby, and its successful development as the new incarnation of the party of power represented a massive defeat for the insurgent regional elites. Following the 1999 parliamentary elections, regional leaders who had formerly supported OVR were now quick to mend their fences with the Kremlin. The Kremlin's authority was reasserted by the exertion of a range of open and covert forms of pressure. It did indeed look as if the process of regionalization had now come to an end.”⁵⁵

For most observers of the political scene, one of the most enduring characteristics of Russian politics is the ever-changing alliances of the political elites. The Russian political system is one in flux that is quick to react to opportunities. Loyalties tend to be first and foremost personal and non-ideological but they change rapidly when opportunities arise especially at the regional level. Therefore, the relationship between the regional and federal elites can be seen as a *rent seeking game* to secure political advantage and scarce resources

2.3. All Aboard the Bandwagon

During the last two years, Putin and the presidential administration created the conditions to ensure loyalty, discipline and cooperation from the regional

⁵⁵ Richard Sakwa, “Putin’s New Federalism”, Russian Regional Report, Vol.5, No.21, May 2000

elites. If being bullish against a weak president like Yeltsin was relatively easy, it proved to be much more difficult with a president with high ratings. The regions therefore showed that their position of strength was not necessarily due to their objective power but much more to the weakness of Moscow.

What Putin was able to create after the good showing of Yedinstvo in the December 2000 parliamentary elections was in fact a strong *bandwagoning* effect more than anything else. The momentum created potential winners and losers. Winners were on Putin's side, the losers on the other. Since Putin's popularity seemed unrivalled, it made sense for the governors, in this ever evolving political environment, to reshuffle their loyalties towards the holders of power that were Putin but also Yedinstvo. By doing so, they expected to be in the good graces of the future President-elect and be possibly favored in the future. In fact, they likely saw their support for the Putin team as buying them credentials. The merger of Yedinstvo and OVR into Edinaya Rossiya as the future party of power at the end of 2001 is another sign of this trend. It shows that opportunism and the lack of an important ideological divide on the centrist-right side of the political spectrum are two important factors playing for political affiliation in Russia.

In order to sustain this bandwagoning effect, Putin did not address the issue of federal reform head on. He took a more careful approach in order not to frighten regional leaders. As Sakwa stated:

“In all of his initiatives, Putin tried to avoid alienating the regional leaders by eschewing populist forms of mobilization and anti-elite rhetoric. In his television broadcast of 17 May Putin was at pains to stress that his recently announced package of draft laws was 'not directed against regional leaders'; on the contrary, he insisted that 'regional leaders are the most important support for the president and will act as such in the strengthening of our state.’”⁵⁶

Putin in fact, did not seek to confront directly the regional leaders. Instead, he took an indirect approach and used inter-regional rivalries in order to undermine the power of overly strong regions. This strategy is best described by Steve Solnick:

“Putin's early moves suggest a long-range strategy based on pitting provincial leaders against each other rather than provoking them to unite against the center. Harnessing powerful forces of inter-regional rivalries, this approach may well succeed in reversing the leakage of power from the center to the provinces, and it might do so by harnessing rather than stifling the subversive potential of electoral competition.”⁵⁷

One of the defining points in Russian federalism is the presence of a few heavyweights and a overwhelming majority of weaker regions. The privileges enjoyed by the most powerful players, in particular the republics, are seen with envy by the others. The strategy used by the Presidential administration was therefore a clever one. By sustaining a bandwagoning effect while using inter-regional rivalries to affect the balance of power, Putin was able to isolate and marginalize the opposition without having to act directly against the regions:

⁵⁶ Ibid

⁵⁷ Steve Solnick, “Putin and the Provinces”, PONARS memo no.115, April 2000

“Putin's early moves toward restructuring federal relations suggest that we should not expect any dramatic revolution in the balance of center-provincial power. Rather, we should expect Putin to move incrementally, rolling back the specific privileges of individual regions with the support of less privileged regional leaders. We should not expect to see dramatic attempts to unseat opposition governors (of whom there are few anyway), but rather a steady manipulation of inter- and intra-regional rivalries that constantly reminds regional executives that retaining office requires the support of federal authorities. Such a strategy is likely to transform the periodic waves of regional resistance witnessed under Yeltsin into a competition to demonstrate greater loyalty to the Kremlin.”⁵⁸

In Sverdlovsk, this strategy is reflected by the support of Pyotr Latyshev, the presidential representative, to Arkadii Chernetskii, the mayor of Yekaterinburg, one of the traditional opponents of Rossel. In order to isolate Rossel, the Kremlin also pushed for measures to bolster the political standing of other Ural politicians such as Tyumen governor Sergei Sobyenin. This strategy is best seen in the controversy around the Urals Interregional Association, an organization created by Rossel:

“Latyshev has attacked the Great Ural Interregional Association. He argues that the regions should express their interests at the federal level through the federal district. Rossel, who originally established the association, does not agree and will try to save the organization.”⁵⁹

By attacking the Great Ural Interregional Association, the federal government dealt a serious blow to Eduard Rossel from Sverdlovsk and Murtaza Rakhimov from Bashkortostan, two of the most vocal opponents to the current

⁵⁸ Ibid

federal reform but also the two key figures of this association. In fact, it cut the influence of these two notorious opponents by discrediting one of their main vectors of influence. Also, by proposing an alternative to Rossel's organization (i.e. federal district), it gave the opportunity for governors to show their loyalty to Moscow and ultimately buy them some credentials at the federal level.

This divide and rule policy takes the burden of responsibility away from the centre while effectively creating better conditions for the recentralization of the Russian state. It is a gradualist approach, taking advantage of a positive situational dynamic. In this situation, Putin can maneuver between powerful interests without being directly involved. The next example, concerning the composition of the membership of the "Kozak commission" on dividing responsibilities between the center and the regions, is an illustration of this strategy to use inter and intra regional rivalries to undermine political opponents:

"Moscow played a role in making sure that Rossel did not participate in the commission since the federal authorities do not like his positions on the division of power. Rossel's exclusion is a further signal that the federal government plans to do away with the power-sharing treaties with the regions that were signed during the 1990s. Regional leaders who have spoken out against these treaties, such as Samara's Konstantin Titov, Ulyanovsk's Vladimir Shamanov, Novgorod's Mikhail Prusak, and Chelyabinsk's Petr Sumin, are being included in the process. While Rossel is not participating in the commission, his long-standing political opponents, such as Yekaterinburg Mayor Arkadii Chernetskii and Oblast Duma Chairman Yevgenii Porunov, are working within its framework."⁶⁰

⁵⁹ Sergei Pushkarev, "Sverdlovsk Oblast: Continuing Conflict Between Regional, Federal Elite" Russian Regional Report Vol 5, No. 38, October 18, 2000

⁶⁰ Sergei Pushkarev, "Commission on Dividing Powers Meets in Yekaterinburg", Russian Regional Report, Vol. 6, No. 31, September 5 2001

If earlier, the regional leaders had the higher ground and could easily blame Moscow and pose as defenders of their regions, it became increasingly difficult under Putin. He was able to keep a clean record since he used mostly indirect means to restore presidential authority. He also created the conditions to ensure support by the majority of the regional leaders by turning their loyalties to the federal government, not to other regional leaders. Therefore, this bandwagoning effect undermined the capacity of the regions to get organized and fight a common position on contentious issues outside the boundaries of the central government.

2.4. Creating a Consensus

Putin was able to gain momentum and strength in his first years in office. He laid the foundations of a formidable political system where he was able to emerge as the 'champion' of order in Russia. For a good number of Russian citizens, what characterized the last ten years was an explosion of crime, lawlessness, corruption and economic decline. Therefore, a good majority of the population favors the path taken to restore order. Putin came at the right time and used this situational dynamic to put forward a plan for the central government to fight back and take over its constitutional prerogatives. Putin succeeded to create a "remarkably widespread political consensus among

Russian liberals, nationalists, and former Communists: all agree that the Russian central government must find some means of enforcing its own laws in order to reverse the nation's prolonged decline in the post-Soviet period.”⁶¹ The next comment by Robert Orttung is a sign of this trend:

“To date, Putin's main accomplishment has been a change in atmosphere. During the late 1990's, there was a prevailing sense that the Kremlin was no longer in charge and that the governors were free to do as they wanted. Today, no governor openly opposes the president or his policies; in fact, everyone declares that he is loyal to the president.”⁶²

This trend is also observable through the perception of the necessity of opposition in politics. If in 1998 more than 80% of the population viewed political opposition as being necessary for society, in 2000 this number dropped to less than 55%.⁶³ In this case, Putin and the government are given *carte blanche* by the population to pressure the regional leaders and centralize political power. Therefore, there is a political incentive to cooperate with the government and to tone down opposition. Boris Nemtsov, the leader of the Union of Right Forces (SPS) a liberal party explains the difficulty of being in opposition to Putin:

“for sure, being in opposition creates a number of difficulties because in the economy and international affairs, Putin uses our (SPS) rightist policy. It is the same for communists and social-democrats, because in the social sphere, the President regularly uses their program.”⁶⁴

⁶¹ Stephen E. Hanson, “Can Putin Rebuild the Russian State?”, PONARS memo no.148, November 2000

⁶² Robert Orttung, “How Effective are Putin's Federal Reforms”, Russian Regional Report, vol. 6, no.10, March 2001

⁶³ Obshestvo i vlast': Problemy vzaiponimaniya, www.niiss.ru/Publications/Seminar/obivl.htm

⁶⁴ Boris Nemtsov quoted in: Alexandr Ageev, “Iskusstvennoe dykhanie” Profil, no.10, 11 March 2002

Putin's capacity to create consensus left the regional leaders largely dependent on the Kremlin's political machine. By using his support from various sectors of society, Putin is more and more able to ensure cooperation by the regional leaders. This situation is described well by Peter Lavelle while referring to Putin's 2002 address to the Federal Assembly: "The address was the continuation of Putin's desire to be seen as a consensus builder. Compared to the chaos of the Yeltsin years, this is a welcome change."⁶⁵

This newfound capacity to influence regional authorities is best seen in the example of Tatarstan and the events leading to the adoption of the new Tatar constitution:

"The federal authorities applied various types of pressure on the Tatarstani leadership to bring the republic's legislation into line. During the summer and fall of 2001, the presidential administration conducted negotiations with the Tatarstani leadership on the wording of the amendments. President Putin participated in determining several of the clauses in the last stage of the talks.(...) Moscow sought to remove various clauses from the text, particularly declarations that Tatarstan is subject to international law, assertions that the republic is associated with Russia on the basis of a treaty, claims that republican laws are superior to federal laws in the republic, and several norms dealing with elections."⁶⁶

Since Tatarstan is seen as being a trend setter in federal-regional relations, this achievement should not be underestimated. It shows the capacity

⁶⁵ Peter Lavelle, "Stable Stagnation and Putin at the Center", The Russia Journal, Issue No.15 (158) 26 April 2002

⁶⁶ Midkhat Faroukshin, "Tatarstan Prepares to Amend Constitution", Russian Regional Report, , Vol. 7, No. 7, 20 February 2002

of the Kremlin to “muddle through” and to achieve its goals through a policy of negotiation where the ultimate result is a compromise but usually to the benefit of Moscow. Such compliance by Shaimiev is not so hard to imagine given the fact that he was one of the first regional heads to secure the right to run for a third term, something that was not allowed under the previous federal law.⁶⁷ Putin is therefore pursuing a path that is similar to Yeltsin’s by the fact that he is resorting to negotiation to resolve disputes, not necessarily legal means. The “carrot” given to the regional executives is very “Yeltsinesque”. However, the main difference is that the balance of power is strongly in the centre’s favor. The budget surplus, high economic growth, unrivalled popularity ratings and a cooperating regional elite gave the legitimacy to Putin to review contentious issues concerning Russian federalism.

What Putin created by using a mixture of fear and rewards for regional leaders and by exploiting the need for stability in the people’s psyche is an informal “social accord”. As a consequence, opposition is not necessarily muted by the team in power but auto-censored for the simple reason that it is out of “fashion” and politically damageable to openly criticize the Kremlin. However, opposition has not completely disappeared. To take care of the remaining opposition, the Kremlin uses a variety of measures to ensure compliance. The

⁶⁷ The State Duma subsequently gave the right to more than 67 governors and presidents to seek a third term.

next section will address one of these strategies, namely the use of discipline to keep regional leaders at bay.

2.5. The Emphasis on Discipline

Even though he frequently used the catchphrase “the dictatorship of law”, Putin preferred to use informal mechanisms to ensure compliance by regional political actors. The logic behind Putin’s actions during the last two years is more akin to what we could call *raw discipline* instead of the “*dictatorship of law*”.

The current federal reform enacted by Vladimir Putin has as a proclaimed official objective the establishment of a law-based state where the rights of the citizens and the government’s prerogatives would be ensured by the efficient functioning of the courts. He made such references in his yearly address (2001) to the Federal Assembly:

“We posed our objective: to build a precise working executive vertical, to give ourselves legal discipline and a functioning court system. From this goal we should never retreat. Precisely a mechanism to provide governmental solutions to effectively defend the rights of our citizens.”⁶⁸

However, this prospect is a far-sighted one since it is unlikely to happen in the short term given the difficulties facing the Russian legal system and the culture of legal nihilism characterizing Russian society.

⁶⁸ Vladimir Putin, Poslanie Prezidenta Rossiiskoi Federatsii federal'nomy sobraniou Rossii, (Moscow: 3 April 2001)

Vladimir Putin had limited choices then: to bring the regions in line, he had to put together a series of measures guaranteeing order through means more effective than the ailing Russian court system. This is where the concept of discipline comes to play. If we study closely the actions of the Presidential Administration, we can clearly see a trend toward the use of raw discipline to bring the regions into line instead of the rule of law.

Discipline is different from the rule of law. It is based on a conception of order that does not necessarily rely on written rules. It is a more general way to ensure compliance with authority. Discipline uses fear and rewards to achieve what is seen to be as an acceptable behavior. This definition of behavior is highly personal and to a certain extent discriminatory since it is not bound by any clear rules. Under Putin, it is this kind of discipline that ensures order, not legal rules. Even if Putin and the Presidential Administration gave themselves a number of new laws to keep the governors in line (such as the right to dismiss them), these laws have not been used and are unlikely to be since they are complicated tools to deal with. Also, the outcome of such proceedings are rather uncertain since they involve the opening of criminal cases and positive votes from the Duma and the Federation Council for the President to take action. As Robert Orttung noted:

“In seeking the adoption of the law, Putin may have hoped that it would serve as a weapon that he would never have to use in that it would encourage the governors to behave appropriately in order to avoid the possibility that the president would seek to remove them.”⁶⁹

⁶⁹ Robert Orttung, “Putin’s Main Accomplishment is Centralization”, Russian Regional Report, Vol. 6, No. 45, 19 December 2001

The reason for this is simple. It is more expedient to use discipline to ensure compliance in a state where the legal system is largely dysfunctional such as in Russia.

2.5.1. Discipline as a Substitute for the Rule of Law

By using discipline, the outcome is more certain, and bringing compliance takes less time. Two examples can help us to understand this process: “By the end of 2001, Putin had secured the removal of two governors, Primorskii Krai's Yevgenii Nazdratenko and Sakha President Mikhail Nikolaev. In both cases, Putin did not resort to the law, but personal persuasion.”⁷⁰ Another potent example concerns the right to disband legislatures if they do not comply with the constitution or to the Constitutional Court's orders:

“The federal law allowing for the disbanding of badly behaved regional legislatures seems to be having a much greater impact than the legislation aimed at the governors. The federal government is wielding the threat of disbandment against legislatures much more often than when it threatens to fire governors. In September 2001, for example, the federal government coerced the Komi legislature to renounce the republic's right to sovereignty. Federal officials have also threatened regional legislatures in Sverdlovsk Oblast and in several Siberian regions. While the federal government has yet to disband any legislatures, the threat of doing so seems to be working well enough.”⁷¹

⁷⁰ Ibid

These examples help us in understanding the role of discipline in the way regions must be brought into line. The Kremlin, probably out of expediency, uses threats in order to frighten opponents and ensure compliance. In this context, the use of “Kompromat” or compromising materials probably plays an important role. Even if Putin’s stated goals are grounded on legal terms, the use of informal means seems to be the preferred manner to handle regional offenders:

“Despite the role designated for the courts, as established in the mechanism for federal intervention, the federal reforms taken together raise the specter of authoritarian and arbitrary interference in regional governance. Informal administrative means of intervention include pressure on the courts from procurators and other officials on behalf of federal authorities or various Kremlin-affiliated political and economic interests; the use of *kompromat* (compromising materials) by the president and other federal authorities to coerce regional officials. It is reported that Putin has begun meetings with regional governors with whom he has conflicts by placing folders of compromising materials on the table.”⁷²

The example of the elections in Mari El helps us in understanding this process:

“Four candidates at the Mari El republic Presidential election, who were competing with the incumbent President V. Kislitsin, claimed to have the support of the Russian President (and, of course, his Representative). At the same time, “coincidentally”, the Deputy Presidential Representative spent many days on the eve of the Mari El presidential election in the capital of this republic, coordinating the investigation of corruption in President Kislitsin’s staff.”⁷³

⁷¹ Ibid

⁷² Gordon M. Hahn, “Putin’s Federal Revolution: The Administrative and Judicial Reform of Russian Federalism”, Eastern European Constitutional Review, Vol. 10, No.1, Winter 2001

Putin relies on the security organs and the bureaucracy to consolidate his power, therefore, we should not be too surprised to learn that there is a systematic use of “kompromat” in dealing with political opposition.⁷⁴ The example of TV-6 and Berezovsky is a circumstantial proof of this. Berezovsky had been preparing the ground to create a party in opposition to the Kremlin: Liberal Russia. In the last year, he established contacts with a number of governors, including Eduard Rossel of Sverdlovsk, pumped money into TV-6, the last independent nationwide channel in Russia. He also produced a documentary movie which he planned to air on TV-6 in March 2002 in which he directly accused the FSB of planting the bombs which killed more than 300 civilians in Moscow and Volgograd in 1999. The sudden closure of TV-6 by a Moscow arbitration court can lead us to think that it is linked with the FSB’s desire to silence the affair.⁷⁵ The FSB retook the lead in this story by accusing Berezovsky of funding Chechen rebels, an accusation that is unlikely to give him a boost in popularity. The “kompromat” used were probably known before the TV-6 episode but, the FSB only used them when it was politically expedient for the Kremlin to do so. The message sent is therefore a clear one: You either behave or we’ll take you down because we have the right weapons to do it. Archie Brown defines this

⁷³ Alexei Avtonomov, “Putin’s Presidential Representatives: One Year Later”, www.legislature.ru

⁷⁴ The smearing campaign in the media against Primakov and OVR before the 1999 Duma elections might also be a sign of a widespread use of “kompromat” by the security agencies against opposition.

⁷⁵ Lukoil, the minority shareholder which ordered the bankruptcy procedure to be launched is widely known to be part of the Kremlin’s orbit. To read more about TV-6 closure, read: Alexei Pankin, “Another One Bites the Dust”, TOL Archives, 17 October 2001, www.tol.cz

habit of using legal resources to pressure certain individuals as being a “selective application of the law”:

“But what marks entrepreneurs and governors who have incurred the wrath of the Kremlin is not that they contravened laws. It would be difficult to find a major financier in Russia who had not done anything illegal or a republican president or regional governor who had not infringed a federal law. What distinguished them (Gusinsky, Berezovsky, Rutskoi), rather, from their more unfortunate brethren was that they failed the loyalty test.”⁷⁶

The examples of Nazdratenko and Nikolayev are likely to be of the same type. Nikolayev battled with all his might to get a third term but withdrew at the last minute under the Kremlin’s pressure, a pressure that likely involved some compromising material. As Peter Redaway noted:

“Thus, while federal-regional relations are probably somewhat less lacking in cohesion than they were before May 2000, they are still governed less by law than by informal changing, push-pull, often corrupt interactions between a wide array of institutions and, especially, individuals.”⁷⁷

The tradeoff was to give Nikolayev a seat in the Federation Council while Shtyrov, former vice-president of Sakha and President of ALROSA⁷⁸, would get the Kremlin’s backing. Therefore, the Kremlin ensured itself a powerful candidate while taking Nikolayev away from Sakha’s presidency to put him in the Federation Council where he would be watched by Shtyrov and obviously

⁷⁶ Archie Brown, “Vladimir Putin and the Reaffirmation of Central State Power”, *in Post Soviet Affairs*, , vol.17, no.1, (2000) p.48

silenced by the deal he struck with the Kremlin. For his “discipline”, Nikolayev got parliamentary immunity, something that is surely comforting for someone in his position. Nazdratenko got a posting at the fisheries ministry, where he would be closely watched and dependent on the Kremlin for further career advancement: “Putin apparently threatened Nazdratenko with potentially damaging revelations that might have led to a criminal conviction and enticed him to leave by appointing him as head of the State Fisheries Committee.”⁷⁹ These two sudden changes show that the Kremlin has tools powerful enough to ensure discipline around the regional executives but also demonstrate the limits of the Kremlin to replace regional leaders.

Even if the Kremlin possesses tools to keep governors in line, it must be careful of not “pressing the lemon too hard”. It must keep the balance between the sticks it can whip and the carrots it can throw:

“The Kremlin has recognized the governors' power in their own regions by allowing them to seek a third and, in some cases, fourth term. For Putin to implement his economic plans he must work with the governors, most of whom will be in place for another 4-5 years. While Putin's reforms have won a superficial loyalty from the governors and increased central control over tax revenues, they have left significant power in the hands of the regional executives.”⁸⁰

⁷⁷ Peter Reddaway, “Is Putin's Power More Formal Than Real?”, Post-Soviet Affairs, vol.18, no.1,(2001) p.37

⁷⁸ Diamond-mining company which provides more than 70% of Sakha's revenues.

⁷⁹ Robert Orttung, “Putin's Main Accomplishment is Centralization”, Russian Regional Report, Vol. 6, No. 45, 19 December 2001

⁸⁰ Robert Orttung, “How Effective are Putin's Federal Reforms”, Russian Regional Report, , vol. 6, no.10, March 2001

In that sense, there is still a great deal of dependence between the Kremlin and the governors since, without a minimal accommodating stance, Putin would be unable to gather sufficient support for his reforms:

2.5.2. Discipline to Reduce Instability and Enhance Predictability

By using discipline as a tool to pacify trouble makers, the Kremlin not only stabilizes the situation but it also creates a network of dependent people around it. The former enemies become “collaborators”. These “collaborators” are usually more disciplined than allies since they depend entirely on the Kremlin for rent-seeking and career advancement.:

“the large-scale use of compromising materials often gathered under the slogan of the fight against corruption-- blackmail-- is becoming a "normal" political instrument (the flip side of the coin is that authorities are interested in having corrupt governors since they are more manageable)”⁸¹

They also depend on the Kremlin for their freedom since the security organs probably possess some evidence of wrongdoings and corruption, which are seen as “common” things at the executive level in Russia.

Legal means were not used in these situations because it was impossible for the Kremlin to predict the outcome: “The lack of resources opens the judicial system up to corruption and abuse, as judges make decisions to advance their

own personal economic interests rather than apply the law.”⁸² Another risk involved with legal procedures is the time involved. If procedures take time, they give the opportunity to the “defender” to organize opposition. Then, there is a risk of seeing other governors and opponents to the Kremlin getting in the game and possibly creating the opposite outcome. In that sense, the use of threats instead of “the real thing” is more likely to provide the support needed.

In short, discipline is used in Russia to ensure compliance with the federal authorities. However, the picture is not as gloomy as it may seem. After 10 years of impunity, the regional leaders, especially the most powerful ones, may now begin to feel that they need to respond to a higher political authority and respect the constitutional order. With this last statement, one question arises: are the governors more law abiding or are they simply intimidated? The answer is probably both. We cannot say that discipline is the only element in the puzzle. Most of them are more law abiding because it is politically more expedient to do so. Being on the Kremlin’s side obviously has its advantages. However, as Petrov noted earlier, the use of blackmail is also seen as being a normal political instrument to discredit people not of the Kremlin’s liking. In another way, we can affirm that intimidation plays a strong role in silencing the regional leaders. However, in a federal system where law is largely inapplicable, the resort to brute discipline is understandable. Since authority cannot be enforced by independent

⁸¹ Nikolai Petrov, “Broken Pendulum: Recentralization Under Putin”, PONARS Memo no.159, November 2000

⁸² Robert Ortung, “A Long Way to Go in Establishing Effective Courts”, Russian Regional Report, vol.5, no.46, December 2000

umpires such as the courts, there is a need to fill this vacuum with some sort of authority.

The historical context of Russia and the background of the team in power also played a strong role in the path taken. Vladimir Putin is a product of Russia's secret service, the KGB. However, it would be unfair to associate today's Putin with the image that we have of the KGB, namely a barbaric organization whose only goal is political repression. It would be more interesting to investigate, as Cliff Gaddy noted, the perception that the secret services have of their work:

"This newly minted intelligence cum political elite has emphasized pragmatism, efficiency and realism. Putin and his fellow Chekists have cast themselves as uncorrupted servants of the Russian State. According to Gaddy, this stems from this group's perception of themselves as an "Enlightened KGB." As Nikolai Leonov, former deputy head of the 1st directorate, has observed, the reason there are so many FSB agents in government is that history has recruited them for a special mission: to serve and restore the Russian state"⁸³.

It is therefore not a surprise if a number of Putin's colleagues were chosen for posts in the government or in the presidential administration. This self-rewarding vision of the secret services is also well explained by Valerii Velichko, head of an association of former KGB officials:

"...the FSB has an important role to play in Putin's attempts to re-establish central authority over Russia's regions....the FSB is the only federal institution that has resisted the

⁸³ Cliff Gaddy, Conference Summary at the Carnegie Endowment: "Russia's Higher Police: Continuity of the Russian Intelligence Elite", Tuesday, January 29 2002, www.ceip.org

influence of the governors and is the perfect engine to establish top-down authority.”⁸⁴

By projecting the image that the FSB as a reservoir of “non-corrupt” order-loving state officials, the use of the security services is legitimized by political actors as being the only alternative to chaos in the regions. As a consequence, the FSB is likely to be an integral part of the process of information gathering in the regions, ensuring the means to carry out the mission of bringing discipline in the political arena.

2.6. Loyalty as a Foundation of Putin’s Vertical of Power

Personal linkages and their influence on politics can give us interesting insights for Russia. Russia is still not far from the Soviet tradition of loyalty. In the Soviet times, loyalty was a central component for career advancement. However, back then, emphasis was put to a greater extent on loyalty to the party. However, the Brezhnev era is an interesting example of clan politics. During his stay in power, Brezhnev put in place a system where important players came from his direct entourage. In that sense, he fortified loyalty by combining the presence of personnel coming from his direct entourage with loyalty to the party apparatus. Therefore, he secured himself a comfortable surrounding where opposition was nearly impossible.

⁸⁴ Julie A. Corwin, “KGB Veteran Says FSB can Rein in the Regions”, RFE/RL Russian

President Putin is trying to follow the same logic. First of all, he included in his team a number of personal friends (known as the Petersburg team) such as Sergei Mironov, the chairman of the Federation Council; German Gref, the Minister for Economic Development and Investment and Dmitrii Kozak, the Chairman of the commission on dividing powers between the centre and the regions. Putin also worked for the creation of a “party of power”, *Edinstvo*, in order to support his actions.

Since loyalty is seen as a cardinal value in Russian politics, it plays a strong role in career advancement. The bandwagoning effect around Vladimir Putin is a sign of this trend. By creating a “party of power”, Putin reinforces potential support by creating the means to ensure a viable rent-seeking game and clientelistic relations for a variety of people in the Russian political arena. Furthermore, Putin is tapping into the region’s potential for support by establishing regional branches of *Edinstvo* in order to compete directly in the regional elections. Therefore, he is able to use *Edinstvo* as a transmission belt for central politics at the regional level, while producing an area conducive to potential career advancement for regional elites. The personal character of the relationship between the regional branches and the President makes no doubt with this front-page statement in bold characters in the newspaper issued to support *Edinaya Rossiya*, the result of the merger between *Edinstvo* and *Otechestvo*: “*Est’ takaya partiya. Partiya podderzhki Prezidenta Rossii*” (There is

such party. A party in support of the President).⁸⁵ In this paper published in order to support the Sverdlovsk branch of *Edinaya Rossiya*, no reference whatsoever is made to the regional issues. The meeting between Sergei Nosov, the leader of the Sverdlovsk Oblast branch of *Edinaya Rossiya* and Alexandr Voloshin, the director of the Presidential Administration can lead us to this conclusion. It makes no doubt that there will be strong control from the President and his administration in the regional branches ensuring unconditional loyalty.

Vladimir Putin is able through the creation of a party of power to ensure the support of an army of party supporters and staffers, something that Yeltsin was unable or unwilling to secure during his 8 year stay at the Presidency. Even if the potential rent-seeking benefits for party activists are still to evaluate, we can still affirm that the creation of *Edinstvo* will provide some important clientelist opportunities for a variety of people, not only the regional leaders. By doing so, Putin is trying to translate his immense popularity for concrete support, a support not based on a programmatic footing but on a vague and non-critical idea of supporting the President and the government.

It is still too early to say if this attempt will succeed. However, there is the potential to create a party of power holding a dominant position in the political system, at least as long as Putin retains such a high level of popularity. Putin also taps into an historical reflex of Russian society, namely using party politics as a clientelist springboard.

⁸⁵ Andrei Konstantinov, "Ect' takaya partiya. Partiya podderzhki Prezidenta Rossii", "Edinstvo" i

2.9. Prospects for Putin's Vertical of Power

The emphasis on discipline is likely to be a transitional phase in the process of creating a more workable federal system in Russia. As Lilia Shevtsova puts it, Putin's Russia is akin to Latin American *bureaucratic authoritarianism*:

"Putin has reformed Yeltsin's "elective autocracy," creating what could be described as a *bureaucratic-authoritarian regime* (hereafter abbreviated as "BA"). This regime resembles the BAs that existed in the 1960s and 1970s in Latin America. The distinguishing features of Russia's BA are the concentration of power in the country's leader and his reliance on the bureaucracy and the power enforcement bodies.." ⁸⁶

If, for a certain amount of time, this path might give some results, the potential to create long-term stability by using such measures is limited. The "bonapartist" path praised by many has simply too many hurdles to cross in order to establish a full-blown authoritarian system. In this case, society will still have enough room to manoeuvre, to modernize itself even against the bureaucratic and administrative hurdles that might be put in place by political actors:

"The transition from Yeltsin's elected autocracy to Putin's bureaucratic-authoritarian regime has facilitated the fulfillment of several tactical tasks. For instance, society has been brought out of a revolutionary cycle and stabilized. Also, power has been re-centralized in the hands of the President.(...) This allows one to conclude that this kind of a regime has a certain capability for organizing the political and economic life, and even for reforming it. However, there

"Otechestvo", 5 March 2002

⁸⁶ Lilia Shevtsova, "Between Stabilization and a Breakthrough: Interim Results of Putin's Presidency", Carnegie Center Moscow Briefing Paper, Issue 1, January 2002, www.carnegie.ru

are some signs that the regime's successes depend mostly on current circumstances."⁸⁷

The current circumstances that Shevtsova noted are related to what we can call a positive situational dynamic. If the unrivalled popularity of Putin at the Presidency makes opposition unlikely, this could change quickly in case of a crisis. Since authority is not vested in institutions but in one person, the achievements of today could go down as fast as they came if Putin's ratings plunge. Therefore, today's stability is dangerously fragile:

"(..) theoretically speaking the Kremlin may succeed in forming a new multiparty system, a majority government and even a partisan government, and that outwardly all this may resemble Western practices. But in actual fact this is a democracy without roots, hanging in mid-air, ready to collapse as soon as the leader's popularity rating goes down."⁸⁸

Political systems which are based on centralized power are also vulnerable to a particular kind of conflict: namely intra-elite ones. Since open political debate is not well tolerated, danger comes from conflicts emanating inside the political system. If it is possible to keep some ambitions at bay for a short time, it becomes more and more difficult as time goes by. As a consequence, the consensus that we can witness now is likely to erode when the feeling of urgency fades in this period of stability. In fact, as Leonid Smirnyagin noted:

"Despite all the determined effort Putin has made to reform federalism, its foundations have not been shaken.

⁸⁷ Ibid

⁸⁸ Ibid

Governors and republics' presidents are just as legitimate as the Russian president himself (only within the regional framework) and do not depend on him as long as they stay within the framework of the law, and in a federative state this framework is extremely broad.”⁸⁹

Therefore, even if Putin was able to silence the governors through discipline and by sustaining a bandwagoning effect, he did not encroach on their constitutional prerogatives. If they are more obedient and less in an oppositional mood, it could all change quickly if opportunities arise. Today's stability is associated with a change in atmosphere, not necessarily profound institutional changes. As a consequence, the potential for centralization might become quickly exhausted if open conflicts were to blossom.

Diskin helps us to understand that even if the Kremlin possesses resources, power and legitimacy, it is not the sole political actor in the country:

“The latest elections in the subjects of the federation showed that despite all the demonstrations of political domination, the Administration proved incapable of manipulating freely the elections' outcomes at the regional level.”⁹⁰

Since modern (or post-modern) societies are excessively complex organizations, attempting to impose bureaucratic control over them is destined to failure. Even if opposition is somewhat silenced, It would be an error to think that the Kremlin is powerful enough to rule directly the country. In the last elections for the Sverdlovsk Oblast Duma that took place in April 2002, “Za Rodnoi Ural”, a

⁸⁹ Leonid Smirnyagin, “Federalism Putin Style or Putin's Blow at Federalism?” Briefing Paper Carnegie Center Moscow, Issue 3, March 2001, www.carnegie.ru

party supported by Rossel got more than 30% of the vote. If we compare it to Edinaia Rossiia's score, less than 18%, we can clearly see that the Kremlin's power is not absolute.⁹¹ These scores demonstrate that people, even if they support Putin and his policies, are not necessarily willing to give him *carte blanche* on all matters. In fact, the election result gives Rossel the chance to reclaim his regionalist path that he had put the brakes on after the creation of the federal districts. It is also an indicator of the limits of centralization in Russian federalism. By supporting Rossel instead of the "President's party", Sverdlovsk voters, maybe without knowing, possibly opened a new round of regional self-assertiveness. The result of the vote is also an indicator of the limits of executive power in Russia to control all aspects of political life in Russia.

What Putin accomplished in the last two years marks a qualitative change in centre-regions relations. If during the Yeltsin era the federal government acted like a passive bystander toward events happening in the regions, Putin and his team reversed the course of regionalization to centralization. If we can still cast some doubts on the measures put in place, we can nevertheless say that the political environment now plays in the centre's favor.

This new leadership of the central government over federal relations is already changing the nature of Russian federalism. If a number of prominent analysts feared a confederalization of Russia, where the center would have lost

⁹⁰ I.E. Diskin, *O novoi paradigme sotsialnogo razvitiya i logike ee opisaniya*, Nauchno-Issledovatel'skii Institut Sotsialnykh Sistem pri MGU, www.niiss.ru/

⁹¹ "Kak Rossel' putina pobedil" *Ekspert-Ural*, No. 16, 22 April 2002, p.5

most of its constitutionally prescribed prerogatives, this prospect seem to become more and more unlikely as time goes by. As it was said in the first chapter, what characterized the Russian federal system during the Yeltsin era was the presence of a contractual rather than constitutional form of federalism. It meant the presence of a system where the relationships between the centre and the regions were largely extra-constitutional with some regions enjoying privileges that were not accessible to the others. Ilya Gorfinkel, a politologist who previously worked for Eduard Rossel but who is now heading the Expert Political Committee to the Urals Federal District, explains what happened during the Yeltsin era:

“Practically, the governors, if they had such possibility, could form their own political regimes that strongly differed from the constitutional prerogatives given by the federal constitution. Naturally, they were authoritarian regimes which reminded us more of Central Asia than democratic governments.”⁸⁹

Naturally, Putin’s objective is to liquidate those regimes that violated the constitution in order to gain back the central government’s constitutional prerogatives. Again, the changes brought in the last two years did not rely on constitutional changes primarily because the problems affecting Russian federalism were caused by a lack of respect of constitutionally prescribed jurisdictions.

⁸⁹Interview with Ilya Gorfinkel, Yekaterinburg, 22 April 2002

The methods used by Putin to bring back order in the regions as we stated in this chapter are more informal than legal. As a consequence, they are in essence anti-federalist since in federations, subordination of one level to the other is not acceptable. Since a driving principle of federalism is shared sovereignty, all constitutionally defined subjects should possess sovereignty over its jurisdictions without interference. However, in a federal system such as Russia, where the legal system is still largely incapable of upholding the principles of federalism, such measures are understandable though not necessarily morally acceptable.

It is still early to assess if the reliance on discipline will have the effect of bringing more accountability to the regional political regimes or its opposite by creating a crony-driven federal system. The next chapter will help us in finding some answers through the study of the nature and functions of one central institution of Putin's federal reform: the federal districts.

3. Federal Districts: Nature and Functions

One of the first actions of Vladimir Putin after his election at the Presidency was to push forward measures in order to reform the Russian federal system. The central piece of this reform package, which included a law to disband legislatures and dismiss regional leaders under exceptional circumstances and the changes in composition of the Federation Council, was undoubtedly the decree slicing the country in seven federal districts.⁹³ Some observers at the time saw this measure with suspicion. Carving the country more or less along the boundaries of the military districts raised some concern. Pavel Felgenhauer, a regular contributor to the *Moscow Times*, even compared the seven newly appointed presidential representatives (Russian acronym: *polpred*) to medieval “viceroys” in charge of “feudal empires”.⁹⁴ The background of the *polpredy*, with more than five out of seven being former military, intelligence or police personnel, also caused some uneasiness among observers of the political scene. Before drawing any conclusions on the effectiveness of this new institution and its impacts on Russian federalism, a look at the nature and functions of the federal districts is needed in order to understand what they really stand for.

3.1. The Role of the Presidential Representatives in the Yeltsin and Putin Eras

The role of the Presidential Representative is not a qualitatively new one under Putin. President Yeltsin created this institution at the beginning of his first mandate to oversee the regions. However, they ended up as being minor political actors by their inactivity and their impossibility to break free from the governors. The presidential representatives under Yeltsin were present in all 89 regions composing the federation, making their activities difficult to monitor and coordinate. A number of presidential representatives during the Yeltsin era came under the direct influence of the governors and the regional administration. The lack of resources at the federal level meant a reliance on regional authorities for this struggling institution.

As a consequence, these individuals that were supposed to be the ears and the eyes of the federal government often ended up being lackeys of the regional leaders. As Yaroslav Startsev, a political scientist from Yekaterinburg, noted:

(...) the directors of federal agencies were heavily dependent on the governors though their formal subordination was to the federal government. The creation of districts, larger territorial entities and the nomination of one influent leader to oversee federal agencies in one district is an attempt to break the influence of governors on federal resources in the regions. I think that this is really important to acknowledge and its is probably the first reason why the federal districts were created.”⁹⁵

⁹³ Presidential decree No. 849, May 13 2000

⁹⁴ Pavel Felgenhauer, “Russia’s Seven Fiefdoms”, Transitions Online, 12 June 2000, www.tol.cz

⁹⁵ Interview with Yaroslav Startsev, Yekaterinburg, June 4 2002

If the role of the presidential representatives is to take back the constitutional prerogatives of the Russian state in the regions, we may ask ourselves how the representatives were able to fight back and impose order when their role did not change at all with Putin's decree. If during the Yeltsin era they were seen as being sitting ducks with no real power, the *polpredy* under Putin yield much more power. By being in charge of larger regions (districts) the *polpredy* have a larger power base. There are also fewer players, making it easier to monitor their work. Startsev can help us again in understanding this issue. According to him, the changes during the first two years of Putin's presidency have been not only psychological and related to the allocation of political goods. They also have related to a fundamental change in the institutional and legislative landscape of the Russian Federation:

"Here, what is most important for me, always from an institutional point of view, is that the formal powers of the presidential representatives did not change of one iota if we compare them to the Yeltsin era when they were in each and every region. What has changed is the institutional and legislative context. First, it concerns the law on the regional administrations and institutions adopted in 1999. According to this law, the President can dismiss the governors if they adopt ukazes going against the Constitution. This new law gives power to the *polpredy* because the information they give to the President can have disastrous consequences for the governors."⁹⁶

If the prerogatives of the presidential representatives did not change between the Yeltsin and the Putin eras, the political, legal and economic

environment did. This next statement from 1997 shows us that if the institutional changes have been meagre, the political environment evolved greatly:

“One of the key tasks of the representatives will be to impose order on the regional branches of the federal ministries. Each republic and region has approximately 90 branches of federal departments on its territory. The federal employees in the regions often come under the influence of the regional leaders who control many of the local resources and the new decree seeks to place the regional branches firmly under central control.”⁹⁷

It is interesting to read the last statement because we could replicate this citation today without changing one iota. However, there is now a wide consensus on the necessity of creating a strong federal government as well as better tools to delineate its actions. As a consequence, the work of the presidential representatives can be more efficient and yield more results than during the Yeltsin years.

3.2. Nature of the Federal Districts

The first reaction to the announcement of the creation of the federal districts by a number of observers was skepticism. After a decade of half-implemented reform and the incapacity of the federal government to reign in the regions, the success of this new institution seemed to be less than guaranteed .

⁹⁶ Ibid

⁹⁷ Robert Orttung, “Yeltsin Increases Power of Presidential Representatives” Russian Regional Report, vol.2, no.26, July 17 1997

The blurry nature of the federal districts also played in favor of the incomprehension of this new structure.

The districts' impact on the federal structure is difficult to assess first and foremost because of their extra-constitutional nature. The federal districts were created by a presidential decree. In that sense, they are not considered as being subjects of the federation. They can be disbanded by a simple signature of the president and do not require constitutional review:

“The reform, moreover, was enacted through a presidential decree rather than through a law or constitutional amendment, and thus the juridical basis for the new system remained precarious. Any attempt to 'constitutionalize' the change would be fraught with difficulties. In principle, since the change affected only the president's own administration and did not alter the powers of the governors or restructure the Russian federation itself, the constitutional question was avoided.”⁹⁸

The concept of the federal district is unique. A layer of bureaucracy between the center and the regions is unheard of in any other federation. In that sense, history of federalism cannot help us in understanding the possibilities of this new institution.

The federal districts can be seen as the extension of the presidential administration at the regional level. Legally speaking, they do not have powers of their own prescribed by the constitution. As the first and second articles of the decree put it:

“The presidential representative provides for the realization of the constitutional powers of the head of state

⁹⁸ Richard Sakwa, “Putin’s New Federalism”, Russian Regional Report, vol.5, no.21), May 2000

corresponding to the division of the federal districts.(...) The presidential representative serves as a federal government's employee and is included in the administration of the President of the Russian Federation."⁹⁹

The Presidential Administration has no constitutional powers of its own. It merely works in support of the President, provides information, conducts research. It cannot take legally binding decisions on its own, it cannot enact laws or decrees. In short, the presidential representatives are first and foremost bureaucrats and they do not have a power base of their own. The legal scope of their powers is therefore more administrative than anything else.

The status of the presidential representatives is more akin to the role of ambassadors of the federal government. As ambassadors, the powers of the presidential representatives are based on representation. They cannot legally act on their own will because they take their legitimacy from their rank in the bureaucracy. They could also be called "lobbyists" of the federal government. As a consequence, the scope of their initiatives is somewhat limited:

"The seven presidential representatives and the federal districts they lead have yet to find a secure niche in Russia's political system. Unlike government ministries, whom they are supposed to coordinate, they are not defined in the constitution. In effect, the presidential representatives are another layer of state bureaucracy with very poorly defined powers."¹⁰⁰

⁹⁹ Presidential decree No. 849, May 13 2000

¹⁰⁰ Robert Orttung, The Impact of Putin's Reforms on Russia's Governors, East-West Institute, www.iews.org

However, the Presidential Administration, even if it doesn't possess any constitutional powers is a powerful political actor. It is powerful because it is used to lobby, pressure and coerce legitimate political figures such as deputies, governors, judges and bureaucrats. Therefore, its power is obscure and difficult to assess since its manifestations take place behind the scenes. It is made even more opaque by the closed and secretive nature of Russian politics. Presidential representatives are likely to follow the path of the Presidential Administration and get involved in behind the scenes deals and manipulations in order to gather support or ensure compliance.

This component of “administrative power” is likely to be the most relevant point to assess while studying the federal districts. Administrative power in Russia has always been known to be “flexible”. As a matter of fact, we can say that Russia is a hyper-bureaucratized country governed by anti-bureaucratic behavior. In modern bureaucracies, rules are inflexible and equal for all. A line from Pyotr Latyshev is indicative of this relationship to law and jurisdictions: “I don't see any cases when the *polpred* can say: This is not mine, I won't take care of it.”¹⁰¹

In that sense, the *polpredy* are not merely bureaucrats as prescribed by the presidential decree. They can be seen as being *power brokers* between the president and the holders of power in the regions such as governors and business. As Robert Ortung described: “ The main resource the representatives

¹⁰¹ Vladimir Rudakov, “Za semiou pechatiami” *Profil*, No.18 (289), 15 May 2002, p.23

wield is their direct relationship to the president. Nobody wants to cross an official who speaks for Russia's most powerful man."¹⁰² Their role as power brokers should not be underestimated. In fact, by being in the entourage of the president, they compensate for their lack of power by acting as a transmission belt between the executive and the regions. If meeting with the president is something that is excessively difficult, having access to the *polpredy* is something that is feasible. In that sense, the *polpredy* have built their legitimacy on this assumption. Vladimir Putin is the most powerful man in the country so, being his representative gives the *polpredy* a part of Putin's legitimacy and created an aura of power over their largely powerless structures.

The result is the creation of a bureaucracy which plays a strong political role and does not refrain from entering regional politics head straight. The *polpredy*, in the last two years, have been able to position themselves in the Russian political system not by the powers conferred to them but by the position that they occupy in the presidential administration. As a consequence, they used the "bandwagoning" effect of Putin's popularity to gather support and used a combination of formal and informal administrative methods to ensure compliance and mute opposition. Therefore, as representatives of executive power in the regions, they came to be seen as key players not necessarily as decision makers but as people having access to the president. As a consequence, cooperating

¹⁰² Robert Orttung, The Evolution of the Federal Districts and Center-Region Relations Under Putin, East-West Institute, March 4 2002, Rough Draft

with the *polpredy* meant for a variety of people at the regional level access to the Kremlin's resources and support. It also created another level of bureaucracy in which local actors could find opportunities for career advancement. The federal districts can be compared to a new reservoir of resources creating opportunities for federal *rent seeking* in the regions, something that did not exist before. Therefore, it made sense for lots of people to cooperate with them and to transfer their loyalties from regional leaders to the *polpredy*. In Sverdlovsk, a number of experts who used to work for the regional administration, including highly visible figures such as Ilya Gorfinkel and Anatoly Kirillov, are now part of the *polpred's* team. As Ilya Gorfinkel explained his transfer to the federal administration: "It was not a politically motivated decision."¹⁰³ In short, the federal districts gave the opportunity to the regional elite to become involved at the federal level, something that was not possible before, thereby expanding career choices for a number of people in the regions: "Under Putin, the presidential staff in the federal districts is seen as relatively powerful and there was a strong competition among regional elites to work there, a situation that did not hold in the Yeltsin era."¹⁰⁴

By creating new opportunities for career advancement, the federal districts divided effectively the active forces working for the governors, especially in the districts' capital cities where the *polpredy* could plunder the human resources that previously worked for the governors.

¹⁰³ Interview with Ilya Gorfinkel, Yekaterinburg, 22 April 2002

¹⁰⁴ Sergei Kondratev, "Urals Federal District: Latyshev Increasingly in Charge of Rich Region", Russian Reional Report, vol.6, no.36, 17 October 2001

One of the main objectives of the creation of the federal districts was to cut the opportunities for governors to play a role in federal politics. By building the federal districts and by naming representatives, Putin created intermediaries that could act as a relay between presidential power and the regions. If before, governors had direct access to the Kremlin, it is no longer the case, with the possible exception of the toothless State Council.

The nature of the federal districts is also characterized by its role of acting as a political counterweight to the once omnipotent governors. Again, the legal status of the *polpredy* is primarily bureaucratic but they ended up playing the political game in the regions. As Konstantin Kiselev explains: “The *polpredy* played one important role. They acted as the political counterweights of regional power and local elites.”¹⁰⁵ Even if the President, in his announcement of the creation of the Federal Districts, said clearly that the *polpredy* should not interfere in regional politics, the result is the exact opposite. The *polpredy* are taking sides. They put pressure on regional leaders, they support candidates and parties in elections by using administrative means such as state-controlled media, courts and the procuracy.

The Federal Districts are another bureaucratic layer of federal power. If they do not have access to financial flows, they now have control over federal ministries and agencies in the regions. The *polpredy* were able to achieve this by removing the governor’s cronies at the head of regional subdivisions of the

federal ministries. If before the creation of the districts, the governors usually controlled the appointment of the regional branches of federal ministries, the *polpredy* took this privilege away. The Federal Districts, therefore, are also *personnel agencies*. One their main tasks is to realize the presidential cadre policy. It means concretely that they now have control over the appointment of federal personnel in the regions. This task is facilitated by the creation of district-level structures to oversee the work of the agencies in the regions: "all of the power ministries have set up district-level offices and the oblast branches of these agencies are being taking from the control of the governors."¹⁰⁶ What it concretely meant so far was the nomination of loyal cadres to diminish the influence of the governors in the federal agencies. However, as Vladimir Rudakov noted: "It would be illusory to say that the nomination of loyal cadres is restricted to the federal apparatus: *De jure*, the *polpredy* control the process of personnel nomination in the federal structures in the regions. *De facto*, they set their views on all key posts."¹⁰⁷ Therefore, this mechanism of interference does not always respect the constitutional division of power even though it was created to pursue this goal.

The federal districts are contradictory by nature. They are on paper extremely weak and essentially bureaucratic but they were able to create their niche as a genuine political actors in Russian regional politics. It is quite rare, in

¹⁰⁵ Konstantin Kiselev, "Stoiane na meste privedet polpredstva k degradatsii reformatorskogo potentsiala", *Ekspert-Ural*, no. 27, 27 May 2002, p.25

federations to see bureaucrats wielding political power against federal states.

The federal districts are in theory anti-federalist because they create mechanisms encroaching the sovereign rights of the subjects:

“This is most clearly demonstrated by his obsession about the "power vertical" an idea which has absolutely no place in a federative state. After all, such a state must have not only a distribution of power horizontally (among the executive, legislative and juridical branches), but also vertically - among the federal, regional and municipal branches of power. In addition, there is no reason for these branches of power to be subordinated one to another, because they each have different tasks, envisaged in Articles 71 and 73 of the Constitution; only in Article 72, which sets forth joint powers, is interaction among the power branches stipulated - only here is the "vertical" allowed, and only for the executive power branches.”¹⁰⁶

However, even if the creation of the federal district and centralization can be considered as being anti-federalist, it is also restoring the capacity of the federal government to act as a bond between the federal subjects of Russia, thereby solidifying Russian federalism as a whole. It is creating a balance of power that is more conducive to manageable federal relations. Leonid Smirnyagin explains it this way:

“Putin's measures have mainly been to the benefit of our federalism. It has lost the "extra weight" it gained from the inevitable political concessions of Yeltsin's era, it has become more streamlined, and the correlation of powers between the Center and the regions is now more balanced.”¹⁰⁷

¹⁰⁶ Natalya Mints, “Latyshev Taking Real Power from Governors in Urals”, Russian Regional Report, East-West Institute, vol. 5, no. 43 November 21, 2000,

¹⁰⁷ Vladimir Rudakov, “Za sem'iou pechatyami”, Profil, vol.18, no.289, 15 May 2002, p.20-21

As we affirmed in the last pages, the federal districts are first and foremost bureaucratic structures. The political role that they play is not rooted on legal bases. However, their legitimacy or even their legality has, in general, not been contested except by a couple of vocal opponents such as Eduard Rossel or Murtaza Rakhimov. The next pages will give us some insights on the legally prescribed functions of the presidential representatives. But since looking at legal documents gives us only part of the picture, we will also look at the informal actions taken by the presidential representatives in the last two years. Therefore, we will be able to assess the role of the presidential representatives on the Russian political system.

3.3. Legally Prescribed Functions and Duties of the Federal Districts

In order to better understand the role of the federal districts, we need to look at the legal bases of the institution. If we look closely at the wording of the decree, the functions and duties of the *polpredy* fall into three main categories: control, analysis and coordination. Thus, we can see why the expression “supergovernors” was rapidly abandoned by observers of the Russian political scene.

¹⁰⁸ Leonid Smirnyagin, “Federalism Putin Style or Putin's Blow at Federalism?” *Briefing Paper*, Carnegie Center Moscow, Issue 3, March 2001

¹⁰⁹ Idem

According to the decree no.849, the basic tasks of the presidential representatives are:

- Organization of the work for the realization of the government's internal and external policies
- Control of the execution of the decisions of the federal government in the federal districts.
- Realization in the Federal Districts of the President's cadre policy.
- Present to the President regular reports about national security, the political and socio-economic situation in the districts.¹¹⁰

Their initiative power is extremely limited and always related to the realization of the decisions of the federal government in the districts. They cannot be equated with "supergovernors" because they do not have access to any of the powers that are prescribed to regional leaders. As a consequence, they are always walking on thin ice because of the blurry nature of the legal structure surrounding the districts. The scope of action of the *polpredy* is limited to the following articles:

- Coordinating of the activities of the federal organs of executive power in the Federal Districts.
- Analyzing the effectiveness of law-enforcing organs in the Federal Districts.
- Organizing the relations between the federal executive organs and the organs of governmental power in the subjects of the federation, municipalities, political parties and religious organizations.
- Putting together in conjunction with interregional economic associations programs of socio-economic growth.
- Coordinating the nominations of federal personnel in the districts if they should be nominated by the federal government, the President or organs of executive power.

¹¹⁰ Presidential decree No. 849, May 13 2000

- Controlling of the execution of federal laws, decrees and orders of the President
- Participating in the work of governmental organs of the subjects of the federation, and also municipalities.
- Organizing procedures to resolve disputes between the subjects of the federation and the federal government.
- Reporting violations of federal laws, the Constitution by the subjects of the federation.
- Organizing a mechanism to verify the legality of regional and local legislation.¹¹¹

As we can see, the functions assigned to the *polpredy* are quite limited and moreover, the decree does not address how these functions should be implemented. This leaves the door open for the *polpredy* to create their own mechanisms to tackle these tasks. For a body created to coordinate the work of the federal agencies in the regions, nothing is said about coordinating the work of this new structure. This is also one of the reasons why the presidential representatives have dealt with a variety of issues by using a variety of measures. This lack of a driving line left the *polpredy* a wide range of possibilities to organize the work of their *apparat*. As a consequence, by looking at how the *polpredy* work, it is difficult to imagine that they were all put in place by the same decree. Since the study of the decree does not give any insights on how the *polpredy* handle their jobs, we will look at the concrete measures that the *polpredy* took to centralize power.

3.4. Priorities of the *Polpredy*: Not Much in Common

The *polpredy* were given basic tasks to accomplish at the time of the creation of the federal districts in May 2000. The first task prescribed was to bring in line regional legislation with the constitution and federal laws. This administrative task was accomplished with success, at least on paper:

“The representatives also claim that they have brought the vast majority of Russian regional laws into line with federal norms, boasting that the proportion of laws that do not comply with federal norms now is as low as 2 percent. In fact, this change is less significant than such statistics would lead one to believe. Many of the laws that violated federal legislation were declaratory and had little effect on the way things actually worked. Changing such laws was largely symbolic.”¹¹²

The *polpredy* therefore worked hard to tighten up legal discipline in Russia. However, the representatives carried other tasks that did not seem to be tightly coordinated by the presidential administration. In fact, for an institution that was created to coordinate the federal agencies in the regions, very little direction came from above:

“Nonetheless, the representatives do often meet together in Moscow, either with Putin personally, within the framework of the Security Council (of which they are all members), or in the meetings of the State Council. These frequent meetings have not resulted in coordination by the presidential representatives, as there are substantial differences in the ways that the different representatives approach their work. These differences call into question whether the new federal districts really provide a way to

¹¹¹ Summary of the main functions of the *polpredy*, Presidential decree No. 849, May 13 2000

¹¹² Robert Orttung, “Putin’s Main Accomplishment is Centralization”, Russian Regional Report, , Vol. 6, No. 45, 19 December 2001

manage Russia's enormous territory in a consistent manner.”¹¹³

The *polpredy*, therefore, created their own agendas and seemed to work without following guidelines: “Perhaps most ironic for a reform designed to impose a uniform style of management on the country, the presidential representatives all work in their own largely individualistic style with little apparent coordination between them.”¹¹⁴

As a consequence, the Presidential representatives each adopted different strategies to work on different matters. For example, Pyotr Latyshev from the Urals strongly put the emphasis on attracting foreign investment. During the last two years, his main accomplishments were to publicize the international investment opportunities in the Urals. The federal district sponsored three investment forums in London, Frankfurt and Vienna in order to attract foreign capital in the region. Since Latyshev has to deal with relatively powerful and wealthy regions (the exception being Kurgan), his approach cannot be too direct. He therefore decided to be somewhat diplomatic while looking for support while trying to undermine his stronger opponent, Eduard Rossel. Each representative built his own agenda and created a distinct style of management. The way the representatives handled the different gubernatorial and legislative elections in the regions is a prime indicator of a lack of coordination.

¹¹³ “Drachevskii Lacks Coordination with Other Presidential Representatives” Russian Regional Report, vol.6, no.28, July 20 2002

¹¹⁴ Robert Orttung, The Impact of Putin's Reforms on Russia's Governors, East-West Institute, 22 September 2001, www.iewe.org

Latyshev's relatively quiet methods in the Urals contrast with the sharply visible actions of Pulikovski in the Far East and Kirienko in the Volga. These two representatives tackled their opposition with the help of not only administrative methods but also by vocally supporting chosen candidates. This strategy led to highly publicized failures with the election of candidates (Nizhni Novgorod, Primorskii Krai) not supported by the federal apparatus. However, the most disturbing example can be seen in the Southern Federal District led by Viktor Kazantsev, a former army general. During the elections in Ingushetia, where a Kremlin backed candidate trailed, Kazantsev and the district's procuracy barred a protégé of former president Aushev, and the most probable winner, to compete in the runoff under shady circumstances:

«The federal authorities intervened heavily in the race to assure that a pro-Kremlin candidate would win. On 3 April a group of armed men who claimed to be part of Kazantsev's staff forced their way into the Ingush Supreme Court as it was considering an appeal to remove Aushev's favored candidate, former Ingushetiya Interior Minister Khamzad Gutseriev, from the race and demanded that all the relevant papers be handed over to the Russian Supreme Court, according to Radio Liberty. On 5 April, two days before the first round of voting, the Russian Supreme Court disqualified Gutseriev for failing to take a leave of absence before the campaign started. »¹¹⁵

If the representatives' tasks seem to converge to one common goal that is to create a more manageable political system, the methods used differ greatly from one region to the other. Therefore, Kazantsev in the Southern district seems to perpetuate the logic of war with the use of extreme methods while Latyshev in

the Urals plays a softer game using traditional divisions in the Urals elite to ensure political gains.

As Orttung previously noted, for an institution created to coordinate the work of the federal agencies in the regions, the federal districts are themselves very poorly coordinated. However, this situation might be intentional. When Putin created the federal districts at the beginning of 2000, the presidential administration did not know exactly how these new districts would work. By creating structures with broadly defined responsibilities but limited powers, Putin built an “experimental” structure, an empirical study on how the Russian state should be managed without risking too much. The federal districts gave the federal government the opportunity to set foot again in the regions and to restore a sense of federal order in a remarkably short period of time. Even though the Kremlin did not seem to know where it was heading, it was able to create the conditions of one of the most surprising event in contemporary Russian politics, the reversal of the regionalist current in Russia’s federal relationships.

If the Kremlin had a broad strategy to bring the regions in line, it would be possible to see a common principle behind the federal government’s actions. However, the “go as you like” approach taken by the Presidential Representatives lead us to think that they were given carte blanche on a wide variety of subjects because the Kremlin did not have a defined strategy on hand.

¹¹⁵ “ Kremlin's Candidate Replaces Aushev in Ingushetiya’ ,Russian Regional Report, ,Vol. 7, No.

3.5. Image is Everything : The Federal Districts as a Public Relations Tool

If the Federal Districts play an objective role in strengthening the hold of the federal government in the regions, they are also used to legitimize the federal government's actions throughout Russia. If during the 1990's, the federal government was silent on most issues of local focus, the situation changed rapidly after the creation of the federal districts in May 2000.

During the Yeltsin era, the federal agencies and ministries vanished from the public eye to the benefit of the local administrations and ultimately the governors. Since the governors had secured the right to nominate key federal personnel in their regions, federal bureaucrats were effectively under the personal control of the regional leaders. These bureaucrats were reliant on regional resources for their everyday operation. They needed resources (office space, salaries) that were provided by the regional administrations. A circle of dependence was therefore created around the regional leaders. As a consequence, the federal agencies did not play their constitutional role but got entangled in regional politics and ended up doing the regions' bidding at the expense of Moscow.

Therefore, the federal government was unable to use its regionally based agencies to disseminate information and to legitimize its actions. Of course, the federal government always had a number of channels (national media,

presidency) to disseminate information around Russia but, it lost the capacity to spread information effectively at the regional level and thereby, being a visible actor in the regional political landscape.

The creation of the federal districts, according to Konstantin Kiselev, is an attempt of the federal government to create a machine to get access to the regional political arenas : « The creation of the federal districts is a move to enhance the visibility of the federal government in the regions. The districts are a powerful weapon because they bring an alternative to the information provided by the local leaders. »¹¹⁶ If earlier the governors had the possibility to concentrate the regional information resources in their own hands, it is more and more difficult after the creation of the districts. As Robert Orttung noted, the federal districts brought competition in regions where there was an effective monopoly of the regional leaders :

« Although it was not their intention, Putin's reforms have created the conditions for greater freedom in some regions. In many regions the governor closely coordinated with the regional legislature, local business community, and media to create a monolithic system in which there was very little room for dissenting opinions. By establishing an alternative center of power in the presidential representatives, Putin's reform opened up a wider space for protest than had existed before. »¹¹⁷

By positioning itself as a new centre of influence in the regions, the federal government with its presidential representatives is competing for influence in the

¹¹⁶ Konstantin Kiselev, "Poslednii zvonok", *Ekspert Ural*, no.21, June 3 2002, p.26

¹¹⁷ Robert Orttung, "The Evolution of the Federal Districts and the Centre-Regions Relations Under Putin", East-West Institute, 4 March 2002

periphery. Moscow is now a visible and active figure in the regional political systems of Russia. As Yaroslav Startsev noted : « The message Moscow wants to send is a clear one. It means that the federal government is back in the regions to impose its order by restoring competition in the political process and ultimately clean the political landscape of a great number of unwanted leaders. »¹¹⁸

What Moscow wants to achieve by creating an alternative pole of information is boosting its legitimacy. For a majority of Russian citizens, the federal government was a distant and untrustable institution while regional governments were closer to the people and more trustworthy.¹¹⁹ By creating the federal districts, the President showed that it cared about the people not only in Moscow but in the regions and that it was going the extra mile to prove its good intentions.

The presidential representatives carried out an extensive public relations campaign to bolster the image of the federal government. They crisscrossed their districts by visiting factories, hospitals, religious communities etc. They also directed their activities towards a consolidation of what is commonly referred as a "unified information space".¹²⁰ The goal of this initiative is undoubtedly to gain access to the local media while stripping away the relative immunity of the

¹¹⁸ Interview with Yaroslav Startsev, Yekaterinburg, June 4 2002

¹¹⁹ See Joan DeBardeleben, "Public Attitudes toward Regional Governance in Five Regions of the Russian Federation" in Russia's Regions Face the Challenge: A Study of Diverse Responses to Changing Conditions, Carleton University, Ottawa, December 1999, pp.92-93

¹²⁰ Natalya Mints, "Latyshev and the Ural Media", Russian Regional Report, , vol.5, no.36, October 30 2000

governors *vis-a-vis* the local press. The means employed to gain coverage in the regional media are varied and differ from one region to the other. They include direct ownership of media but also close cooperation with the local business.

What President Putin was able to achieve by cutting up the country in seven districts is more than a mere administrative reform. It gave the means to the presidential administration to insert highly visible representatives in the regions. It made a statement on the power of the federal government and the presidential administration while bringing the federal government « closer to the people ». Since regional governments are usually accountable on the issues of health, welfare and direct assistance to the population, the presidential representatives can easily stay above the heat in times of crisis by acting as the citizen's protectors and by putting the blame on local authorities for problems and shortcomings. Also, the presidential representatives can alleviate the pressure on the President by taking care of issues of regional focus.

It is possible to affirm that the federal districts are a direct response to the lack of channels available to the federal government to disseminate information in the regions. The districts are clearly part of a plan to bolster public opinion on the federal government and the presidency. The biased coverage of the work of the *polpredy* and the President by the media affiliated to the federal districts is a sign of this trend.

The creation of the federal districts served a number of purposes. First, it brought back a sense of unity in Russia's ailing federal relations. Secondly, It became increasingly evident in the last years of the Yeltsin era that the federal government lost control of the formidable resources it possessed in the regions to the governors' profit. The districts' ability to fight back and restore the link between Moscow and its agencies in the regions is one important step in guaranteeing the independence of the armies of federal personnel at the periphery, thereby ensuring a better possibility of Moscow according to its constitutional prerogatives.

Even though the federal districts were created to ensure a better coordination of the federal agencies in the regions, the representatives themselves acted as they were independent in their own game. Of course, It would be illusory to think that seven different personalities dealing with different regions could act in unison. However, the great differences between the methods used in each region can lead us to think that improvisation is still prevalent for this new institution. No fundamental vision came out of the representatives work, they more or less seemed like trying to find their own personal niche in a system that did not make a place for them. Nevertheless, the presidential representatives became important and visible players in the Russian political system. One cannot ignore their power, though not necessarily formal, when studying Russian federal politics.

The federal districts also play a strong role in helping to shape Russian federal politics. By putting some emphasis on the regions and by bringing back the federal government in the regions, the presidential representatives opened a myriad of possibilities for Moscow to influence regional politics. By establishing a direct link between the regions and the President, the creation of the federal districts brought the federal government « closer to the people. » By doing this, Moscow effectively cut the regionalist movement from its traditional discourse. Now, Moscow seemed to care about the regions and this powerful new presence meant a greater diversity in the political arena, especially in regions governed by authoritarian leaders.

Though not necessarily more formally powerful than the presidential representatives from the Yeltsin era, Putin's *polpredy* are now part of a qualitatively new political environment. The federal government has more legitimacy and the population is gaining confidence in its ability to turn things for the better. The role of the federal districts as a powerful channel to disseminate information should not be overlooked in the study of this public relations campaign to revive spirits in Russia.

4. The Urals Federal District and Sverdlovsk Oblast

There is probably no better place in Russia to study the effects of the creation of the federal districts than in Sverdlovsk Oblast. The oblast always was at the forefront of the regionalist movement in Russia. What makes the Sverdlovsk case particular is the fact that the region is not an « ethnic » one as opposed to the republics. Sverdlovsk is a predominantly Russian region so its inclination to regionalism was never rooted in a nationalist struggle. Nevertheless, the region's capacity to create a strong regional identity in the absence of nationalistic particularism makes it an exception in the Russian political environment. The aim of this chapter is to understand the centre-regional dynamics between Sverdlovsk and Moscow while trying to shed some light on the interaction with the federal district as a component of the regions' relationship to the federal government. The first part of the chapter will address the issue of regionalism in Sverdlovsk politics. By understanding the roots of regionalism, we will lay the basis for studying of the relationship between Sverdlovsk and Moscow following the creation of the federal districts.

4.1. Rossel and the Creation of a Regionalist Movement : Interactions Between Moscow and Sverdlovsk

The regionalist drive in the Sverdlovsk Oblast was nurtured by Eduard Rossel, the region's acting governor. Following the *parade of sovereignties* which

followed the break-up of the Soviet Union in 1991, Rossel, who was the Chairman of the regional Council of People's Deputies and the presidentially appointed head of the region, tried to create the « Urals Republic ».¹²¹ The aim of the group led by Rossel was to upgrade the status of the oblast to a republic. According to Rossel, It was necessary to redress the fiscal inequality between Russia's regions, especially *vis-a-vis* the republics which enjoyed tax breaks and privileges not available to ethnically Russian regions.¹²² The creation of the Urals Republic on 1 November 1993 can be seen as the starting point of Rossel's crusade for regional autonomy. Rossel's goal with the creation of the Urals Republic was not rooted in independentist rhetoric and ambitions. It was to gain privileges which were being given to the 21 national subdivisions of the nascent Russian federal state and fight what was seen by Rossel as the creation of a federation of « unequal subjects ».¹²³ However, ten days later Rossel was sacked by Yeltsin and the Urals Republic experiment was terminated.

Following his sacking, Rossel was elected as the head of the Urals Association of Economic Cooperation that would become shortly after the Urals Interregional Association, one of the primary vehicles of regionalism in Russia. Rossel also founded an organization called *Preobrazhenie Urala* or Transformation of the Urals, an organization that would later compete in the December 1993 regional parliamentary elections where it took more than a

¹²¹ See Gerald M. Easter, "Centre-Regional Relations in the Russian Federation: Sverdlovsk Oblast", *Europe-Asia Studies*, Vol.49, No.4, 1997, pp.620-624

¹²² Idem

quarter of the 28 seats available in Sverdlovsk Oblast's дума. Following suit, Rossel was elected as the chairman of the regional дума where he battled for the adoption of the oblast's charter which took place in November 1994.

The adoption of the regional charter was a great victory for Rossel. It contained a provision which called for the direct election of the regional leader, something unheard of at the time in Russia since governors were selected by the President at the time. As Gerald Easter noted :

«The signing of these documents marked a watershed in Russian history in that the basis of executive authority in the regions was transformed.(...) Sverdlovsk broke new ground in the federation with the gubernatorial election. (...) Yeltsin eventually lifted the general ban on gubernatorial elections and other regions began to follow Sverdlovsk's example in the second half of 1996. »¹²⁴

Rossel's won a popular mandate in August 1995 in a runoff election between him and Alexei Strakhov, the previous governor named by Yeltsin, with over 60% of the vote. This strong mandate, after a campaign based on regionalism, gave him the opportunity to renegotiate the oblast's relationship with Moscow under more advantageous conditions.

Rossel's legitimacy and perseverance led to the signing of the first bilateral treaty between an ethnically Russian region and Moscow to divide the responsibilities and obligations of each level in January 1996. This treaty gave the oblast gains, according to Gerald Easter, especially in the economic sphere and on ownership of natural resources:

¹²³ Idem

« The most notable accomplishment was the removal of the region from the Ministry of Finance's 'highest donor' list. The treaty established that the oblast and the centre would come to an agreement on the amount of revenue collected on the territory to be allocate for federal taxes. This provision, in effect, granted the oblast the right to haggle over its federal tax obligations. As a result, Sverdlovsk was able to reduce its tax burden to the centre by roughly 25%. »¹²⁵

This precedent also led to a « bandwagoning » effect since after Sverdlovsk's signature of a bilateral treaty, a majority of Russia's regions followed suit and negotiated their own treaties with Moscow.

Intergovernmental politics in Russia are first and foremost informal and highly personalistic. Even though formal mechanisms exist to regulate the competing interests of the federal government and the regions, there is a strong emphasis on behind the scenes manipulations and deals. In such an environment, a strong leader such as Rossel was able to gain political advantages and a variety of resources before a central government that was incapable of using its constitutional prerogatives. As a consequence, the federal government accepted just about everything that was happening in the regions for the sake of stability. Governor Rossel learned how to identify and use Moscow's shortcomings to solidify his position at the top of the regional political system. Again, Startsev helps us in understanding the effects of the weakening of central state power in Russia :

¹²⁴ Ibid, p.628

¹²⁵ Ibid, p.629

“(...) The governor’s growing familiarity and influence within the organs of federal power, and the growing number of international contacts made by the region, have augmented regional and gubernatorial power resources.”¹²⁶

Pressuring the regions proved to be not only difficult but impossible since Yeltsin’s capacity to stay in power was linked to the support he was given by the regional leaders.

The regional leaders ultimately benefited from this «go as you like » approach and got accustomed to a relative immunity inside the regions they controlled. For Rossel, this meant the creation of a neo-corporatist structure where the executive and big business called the game. Rossel’s position at the top of this corporatist structure made him the pivotal actor in the system. Since Moscow was far and away and could not compete for influence in the region, a sizeable portion of the local political and economic elite sided with Rossel.¹²⁷ Rossel’s capacity to ensure stability was surely well remarked in Moscow where he was granted the status of a politician of « national » importance.

If the arrival of Vladimir Putin in power changed the rules of the game for every regional leader, Rossel was hit particularly hard. As Yaroslav Startsev noted, Putin’s power rests on a different base than for Yeltsin. If Yeltsin received much of his power from the support he gathered from the governors, Putin has a greater support from the economic elite.¹²⁸ As a consequence, Putin does not

¹²⁶ Yaroslav Startsev, “Gubernatorial Politics in Sverdlovsk Oblast” Post-Soviet Affairs, vol.15, no.4, p.360

¹²⁷ Ibid., pp.358-360

¹²⁸ Interview with Yaroslav Startsev, Yekaterinburg, June 4 2002

need the support of the governors as much as he needs the support of the financial circles and this proximity to the economic elite obviously meant a loss of influence for the governors on the national scene.

The associated with Putin's arrival at the presidency was strongly felt by Rossel. Although he supported Putin's nomination at the presidency, Rossel ended up being one of the « enemies » of the new President. However, after the elections and the creation of the federal districts, the relationship between Rossel and Putin deteriorated rapidly, with Rossel acknowledging that he did not control the higher ground. If during the Yeltsin era he was one of the important pieces in Yeltsin's puzzle of power, it was no longer the case with Putin : « With the arrival of Putin, Rossel had to acknowledge that he could not be a political figure of national importance but a simple governor in the middle of 89 others. »¹²⁹

Sverdlovsk always was an important trend setter in Russian federalism. Its impact on the development of Russia's federal system has been historically significant. For this reason, the study of Rossel's reaction to the formation of the federal districts is of prime importance for everyone studying Russian federalism.

In order to understand the importance of the federal districts, there is a need to look at the actions taken to re-centralize the Russian federal system. Since a thorough study of all seven districts was virtually impossible for a number of reasons, a case study was a good starting point to understand the internal dynamics of this new institution. The author spent a year in Yekaterinburg

conducting research and observing the local political scene, making it possible to get information not readily available outside of the Urals region. This study, though it cannot be generalized to the other districts, can nevertheless give some interesting insights on how the Russian state is managed and which processes underlie the push for centralization promoted by Putin since his election to the presidency. But first, we will take a look at the internal dynamics of Sverdlovsk Oblast and later on, examine the characteristics of the Urals federal district.

4.2.The Political Landscape in Sverdlovsk Oblast

Sverdlovsk Oblast is not the typical Russian region. Its economy is relatively strong and currently growing, not because of its natural resources but through its heavy industry. Sverdlovsk accounts for more than 4.85% of Russia's industrial output, the third largest in the country.¹³⁰ The presence of a number of important industries such as the Uralmash machine-tool plant, the Nizhny Tagil steel mill and the Verkhnyaya Salda Platinum Production Organization gives Sverdlovsk a number of influential economic players who, have become involved in the politics of the Oblast.

In order to understand the logic of political involvement in Sverdlovsk, a comparison with the Province of Québec of the 1950's could be helpful. Firstly,

¹²⁹ Idem

¹³⁰ Background Paper: Sverdlovsk Oblast Economy,
<http://www.bisnis.doc.gov/bisnis/country/000323uralbp.htm>

the economic structure of the two regions is comparable. The 1950's Quebec and today's Sverdlovsk are regions where the economic weight of heavy industry is extremely important compared to the other sectors of the economy. As a consequence, the few important players in the economic sphere tend to have a relatively easy access to power since their economic weight is much greater than any other branch of the economy. The political scene is therefore deeply entrenched in a corporatist logic where big business is one key player. As Startsev noted :

«The governor's power base acts in coordination with the regional government within the framework of a neo-corporatist scheme, based on monopolization of representation by industry branches and the exertion of government control.(...) A second means by which the governor ensures his power base is to cultivate dependency by would-be political figures within the region.(...)The governor has built a de facto regional elite through personalized political socialization and programmatic development of leaders.»¹³¹

Rossel's capacity to integrate in his sphere of influence the most important players in the oblast' created a structure in which cooperation with the governor is logical. As in the 1950's Province of Québec, patronage is the preferred management method. Rossel's capacity to intertwine regional bankers, heavy industry as well as promoting regional autonomy is akin to the Duplessis way of governing. Rossel's statism and regional protectionist stance proved to be a good card in his game. The « red barons » of the regional industry supported

Rossel for his protection against Moscow's capital, ensuring the defense of regional ownership :

“Rossel has important support in local institutions and most importantly in industry. For the industry, any political intervention from Moscow is likely to be followed by economic intervention. After this, it is almost inevitable to see a takeover of the Urals industry by Moscow and foreign capital. A number of enterprises from the Urals are under Rossel's tutelage.”¹³²

Rossel therefore built a large power base using the industrial sector and by building a distinct « Urals » identity. During the Yeltsin era, Rossel was able to construct a formidable political machine which dictated the political agenda of the oblast in a virtually unchallenged way.

Traditionally, Rossel's main opponent has been Arkadii Chernetskii, the mayor of Yekaterinburg. Chernetskii's support stems mostly from Yekaterinburg and its retail sector whereas Rossel draws his support from the smaller “company” towns of the oblast. His capacity to draw the electorate outside Yekaterinburg has been meagre. If Chernetskii's support seemed to vanish, especially on the eve of the 1999 gubernatorial elections, when he was not even able to get to the runoff. A main characteristic of Chernetskii's support is the fact that his capacity to draw support was largely restricted to Yekaterinburg and making it impossible to penetrate Rossel's fortresses in heavy industry.

Even though Sverdlovsk's political environment was not entirely monopolized by Rossel, the place for opposition was restricted. The resources at

¹³¹ Startsev, “Gubernatorial Politics in Sverdlovsk Oblast”, Post-Soviet Affairs, vol.15, no.4, p.359

the disposal of the regional government (regional ministries, newspapers, television channels) were simply no match for oppositional forces, especially outside Yekaterinburg.

Another important element in Rossel's capacity to concentrate power was the formation of administrative districts inside the oblast. Rossel therefore preceded Putin in the art of centralizing power by placing a bureaucratic structure between elected officials. As Gerald Easter noted:

"In May 1996 Rossel issued a gubernatorial decree which delineated six territorial units, or *okruga*, based on population distribution, transportation and infrastructure considerations and economic criteria. The *okrug* reform created an additional administrative tier between the oblast centre and the established organs of local government. It was intended to facilitate the implementation of policies designed by oblast leaders by devolving some executive power to this new level of administration."¹³³

By doing this, Rossel was ensured that the regional administration knew what was happening at the municipal level and ultimately applied pressure on them. The devolution of executive power closer to the local governments ensured that mayors knew that someone was keeping a close look on their activities. It is quite interesting to note that the concept of administrative districts proposed by Putin is actually derived from a model put in place in Sverdlovsk first.

¹³² Interview with Yaroslav Startsev, Yekaterinburg, June 4 2002

¹³³ Easter, p.629

Sverdlovsk's political environment before the creation of the federal districts was not entirely monopolized by Rossel. There were a number of political opponents although their capacity to influence the debate was more formal than real. Rossel's status inside the oblast simply made it too difficult to challenge him head on. His capacity to be seen as a strong governor brought him some credentials in the Yeltsin era. However, after Putin's election his status dwindled, and he ultimately lost the President's favour.

4.3. The Urals Federal District in Facts and Figures

The Urals Federal District (UFD) is one of the seven districts created by Presidential Decree no.849. It is a large geographical area comprising six federation subjects : The Oblasts of SverDlovsk, Tyumen, Chelyabinsk and Kurgan as well as the Autonomous Okrugs of Khanty-Mansiy and Yamal-Nenets. Its total area is more than 1.7 million square kilometres, amounting to more than 11% of the territory of the Russian federation.¹³⁴ It is the third largest after the Far Eastern and Siberian Districts. Its total population amounts to roughly 12,5 million, a mere 9% of Russia's total.¹³⁵ However, what makes the Urals District of particular interest is its position inside Russia's economy. The regions making up the Urals federal district provide more than 17.4% of the total federal budget,

¹³⁴ Vladimir Rudakov, "Za sem'iou pechatyami", *Profil*, vol.18, no.289, 15 May 2002, p.20-21

¹³⁵ *Ibid.*, p.20-21

making it the second largest contributor. It also attracted more than 21% of the total capital investment, second to Moscow with 24%.¹³⁶

The UFD is therefore a wealthy one. By comprising Sverdlovsk and Chelyabinsk, two industrial powerhouses and the oil and gas producing regions of Khanty-Mansi and Yamal-Nenets, the district's economic weight is more than considerable. It is also a territory of strategic importance, with more than 90% of Russia's natural gas reserves and ultimately the world's largest deposits. The region is the starting point of the Yamal-Europe gas pipeline to be built in order to ensure a steady flow of natural gas to Western Europe. The mining and metals sector is also of great importance for Russia. The presence of complexes such as the Magnitogorsk Smelter, Nizhny Tagil pipe rolling plant and the Verkhaya Salda platinum mine (60% of the world's production) also make the region a front runner in this strategic sector. The region can also be seen as a bridge between Europe and Asia and has a great importance as a transit hub for products shipped to and from Asia.

The region is nevertheless unequally developed. The presence of two of the wealthiest regions (Khanty-Mansi and Yamal-Nenets) and one of the poorest (Kurgan) pose a number of serious challenges to the district. Also, when the presidential administration sliced up the country, it left four Urals-oriented regions (Udmurtia, Bashkortostan, Orenburg and Perm Oblast) outside of the district.

¹³⁶ Ibid. P.20-21

This « error » can be seen as an attempt to undermine the efforts of regional leaders to coordinate their regionalist efforts :

« The only explanation for this is that the logic of political construction undertaken by the Kremlin aims at building an absolutely new, loyal infrastructure and not at converting the existing one for a different use. »¹³⁷

By slicing the Urals, leaving Udmurtia, Orenburg, Bashkiria and Perm Oblast out, the federal government implicitly tried to overcome Rossel's preferred vehicle of influence : the Great Urals Interregional Association¹³⁸. By doing this, the federal government insured itself that the Urals could not speak as a block and took back the influence that Rossel was able to foster in the last ten years as the mastermind and President of this association.

4.4. Creation of the Federal Districts: Latyshev's First Steps and Reaction in Sverdlovsk (May 2000-November 2001)

The creation of the federal districts on May 13 2000 was remarkably well received by most politicians including Eduard Rossel. Since the nomination of the presidential representatives came later, the governors took some time before reacting. Natalya Mints depicted the initial reaction in Sverdlovsk::

“According to his press secretary, Sverdlovsk Governor Eduard Rossel had a positive evaluation of the decree. In

¹³⁷ Nikolai Petrov, “Seven Faces of Putin's Russia: Federal Districts as the New Level of State-Territorial Composition”, *Security Dialogue*, vol.33, no.1,(2002) p.80

¹³⁸ Members of this association are: Tyumen, Yamal-Nenets, Khanty-Mansyi, Perm, Udmurtia, Orenburg, Chelyabinsk, Kurgan, Bashkortostan and Sverdlovsk

fact, creating such federal districts was partly Rossel's idea. Sverdlovsk Oblast has had similar districts since 1996 to give the governor better control over local governments and felt it was worthwhile "transferring this experience to the federal level." In the oblast, Rossel created six administrative districts to administer the 73 local jurisdictions."¹³⁹

Rossel thought that his precedence in creating such a structure was likely to buy him credentials at the federal level . It is interesting to read what the reaction was at the time of the creation of Sverdlovsk's administrative districts In 1997, the reaction was surprisingly similar to the fuss around the creation of the federal districts:

"Sverdlovsk Governor Eduard Rossel has pushed for the creation of six administrative districts which will help his oblast administration coordinate the work of the local governments in the region. Rossel claims that the new layer of bureaucracy will make the oblast's government more responsive to the people, while critics charge that he is taking power from local leaders and concentrating it into his own hands"¹⁴⁰

Eduard Rossel could not be against the principle of the federal districts since he is the one who put the idea on the table. For this reason, Rossel was slow to react to the creation of the federal districts because he hoped to have their say in the nomination of the representatives. It wasn't very clear which direction this new institution would take. Some of them, like Rossel hoped to be nominated so, their reaction was quite positive at first:

"Rossel thought that he had the exclusive right to be nominated at this post. He did not support OVR during the

¹³⁹ Natalya Mints, "Reaction in Yekaterinburg: Skepticism Based On Past Experience" Russian Regional Report, vol. 5, no. 19) May 17 2000

¹⁴⁰ Robert Orttung, "Sverdlovsk Oblast Moves Ahead in Creating Administrative Districts" Russian Regional Report, vol. 2, no. 21 June 12, 1997

legislative elections and tried to stay clear of any gestures to irritate Putin. He also thought that his position in the Urals gave him no.1 status in the region. As you know, Putin did not follow this logic. Therefore, the nomination of Latyshev came as a shock for him.”¹⁴¹

Rossel therefore waited to react negatively thinking that his regional power base would not erode with this new structure or that he would be nominated at the head of this new structure. However, Latyshev's nomination changed his passive stance to an aggressive one.

It did not take long for Rossel to attack Latyshev. One month after his inauguration, Latyshev made his inaugural trip to the capital of the newly created federal district. None of the district's governors were at the airport to meet Latyshev, apparently under Rossel's suggestion who was on vacation in the Czech Republic. However, Rossel's long-time opponent was present, drawing the contours of a lasting partnership between the two individuals.

Rossel's opposition to Latyshev became explicitly apparent when time came to choose office space for the *polpred's* residence. Rossel offered Latyshev the pre-revolutionary Kharitonov mansion, which was used as the city's House for Schoolchildren. The issue became a hot potato for Latyshev when schoolchildren and parents occupied the building to protest apparently under Rossel's direction:

“Everyone knows that Sverdlovsk Governor Eduard Rossel set a trap for Latyshev, offering him a building used by children in order to give him a public relations black-eye. Following the attack by the oblast administration, Latyshev began to state his opinions more sharply and the governor

¹⁴¹ Interview with Ilya Gorfinkel, Ekaterinburg, 5 April 2002

and representative have dumped considerable vitriol on each other in the press. ”¹⁴²

Latyshev's aggressive rhetoric on Rossel's alleged proximity to criminal groups was seen as one reason for Rossel to firmly oppose Latyshev and to impair his ability to work and ultimately gain legitimacy. As Serguei Samoilov, the former head of the Presidential Administration's Territorial Department, noted, the reaction of Rossel and other governors was understandable :

“The governors clearly understand that they have lost a part of their former powers. Sometimes it is difficult for them to recognize and accept this. Second, this affects the governors in the administrative centers of the federal districts (we do not call them "capitals"). They also are relatively jealous that a bureaucrat with higher status than their own has appeared in their diocese.”

Rossel's reaction to the physical presence of the Presidential Representative could not be positive. Rossel was able to function alone in his Oblast. The presence of an outsider was obviously not something that he wanted to deal with.

Therefore, the interaction between Rossel and Latyshev has been minimal. As Sergei Pushkarev noted: “The local press has reported that relations between Latyshev and Rossel have been cool from the very beginning. They attribute this state of affairs to an article written at the beginning of this year in which Latyshev effectively accused Rossel of maintaining overly intimate

¹⁴² Sergei Pushkarev, “Still Homeless Presidential Representative Pyotr Latyshev Marks 100 Days in Office”, Russian Regional Report, vol. 5 no. 31, August 30 2000,

relations with the criminal world.”¹⁴³ Latyshev’s allegations of Rossel’s ties have been articulated by others. During an informal interview with the author, one high level foreign official who asked to remain anonymous said that Rossel’s involvement in criminal activities was “a sure thing”.

Rossel’s uneasiness with Latyshev is therefore understandable if such assertions are true. Latyshev is the MVD’s former deputy minister who launched an enquiry on corruption in St. Petersburg under Governor Yakovlev, forcing him to exile. He has the reputation of being an “untouchable” with a strong work ethic. He was known in Sverdlovsk for one of his actions concerning the Road Inspectorate (DPS):

“Last year (1999), he caused a scandal in Sverdlovsk when he criticized the Sverdlovsk State Road Inspection Unit for disorder in its administration and numerous complaints from drivers for officers demanding bribes on the roads. Many other oblasts also suffered from such inspections, which are characteristic of Latyshev’s style of work.”¹⁴⁴

Latyshev’s experience in dealing with organized crime gave a strong impetus to his desire, or command, to clean up the Urals criminal world. Ekaterinburg is commonly called “Russia’s Chicago” and Latyshev was quick to jump on this issue. He affirmed that “they say there are five large criminal groups in the federal district. Today Sverdlovsk Oblast really is the leader in crime.”¹⁴⁵ According to Latyshev, “organized crime groups literally run the region, corruption is flourishing at all levels of government, and the law enforcement

¹⁴³ Ibid

¹⁴⁴ Natalya Mints, “Shock at Appointment of Latyshev” Russian Regional Report, vol. 5, no. 20 May 24 2000

agencies are doing nothing to improve the situation.”¹⁴⁶ These assertions clearly imply Rossel’s involvement in criminal activities, giving him a serious political black-eye.

Rossel nevertheless fought back, by ridiculing Latyshev’s work by calling his actions “baseless and senseless” while attacking the legitimacy and the usefulness of the UFD. Sergei Pushkarev resumes Rossel’s position published in *Izvestiya* on 27 February 2001:

“Noting that he was rereading the memoirs of Nazi military commanders, Rossel said that the Nazis had employed a system similar to the presidential representatives that Putin established, but had abandoned it because it created “chaos in the management of the state.” Rossel argued that the president has all power in his hands and does not need representatives. He said that General Procurator Vladimir Ustinov would be sufficient to bring local laws into line with federal norms.”¹⁴⁷

This highly personal battle between these two individuals lasted for most of the year 2001. In fact, Rossel and Latyshev had to wait for November 2001 to schedule their first meeting. Before that time, Latyshev and Rossel exchanged comments through the media but never actually met. It should be noted that Rossel’s strategy was never actually directed against Putin himself. He never challenged the President’s authority, but rather concentrated his attacks on both

¹⁴⁵ Natalya Mints, “Latyshev Steps Up Activities in Urals Federal District” Russian Regional Report, vol 5, no. 35, September 27 2000

¹⁴⁶ Ibid

¹⁴⁷ Sergei Pushkarev, “Rossel, Latyshev Continue Fight” Russian Regional Report, vol. 6, no.9 March 7, 2001

the institution of the federal districts and Latyshev's intervention in Sverdlovsk's internal matters:

"Rossel has been sure not to attack Putin personally or his leadership directly, but has been an outspoken critic of his federative reforms. In a recent interview, he argued that there is no federalism in Russia, only a 'unitary state with unitary administration'"¹⁴⁸

Since Latyshev is an unelected official with lower popular legitimacy, Rossel could attack him without risking political suicide, which he might have risked by facing Putin head on.

4.5. A Temporary Breakthrough, (November 2001-March 2002)

Rossel and Latyshev exchanged a considerable amount of vitriol in the first year and a half of their uneasy coexistence. Rossel did not particularly like the idea of having someone watching him over the shoulder and Latyshev was apparently appalled by Rossel's behavior. However, the two individuals were put in a situation where cooperation was essential.

Cooperation began when the Oblast's Duma had been deadlocked for more than seven months on the issue of the nomination of the Oblast's Duma speaker. Since there is a need to gather 2/3 of the votes to resolve the issue of the speaker's nomination, the factions in presence (especially Rossel's *Edinstvo Urala* and Chernetskii's Our Home Our City) could not come to an agreement. Such a situation would not necessarily have been problematic in another oblast.

¹⁴⁸ Gordon M. Hahn, "Sverdlovsk Governor Rossel's Gambit", The Russia Journal, No.14, April 19 2002

However, in Sverdlovsk's case, a couple of elements led to the "federalization" of the conflict, thereby giving Rossel no choice but to cooperate with Latyshev.

The first one is related to the capacity of the President of the Russian Federation to disband regional legislatures. This provision can be used if the regional legislature refuses to address a ruling of the Constitutional Court. In Sverdlovsk's case, changes in the oblast's Charter were expected by the court before October 2001. However, the deadlock in the regional barred the legislature to address this issue.¹⁴⁹ As a consequence, it would have been possible for the President to disband the legislature and to call new elections, meaning a serious black eye to Rossel's leadership in the oblast. Realizing that he could not possibly allow this, Rossel himself decided to call Latyshev and to schedule their first meeting ever in the second week of November 2001. Latyshev replied by the affirmative for two main reasons. It boosted his political prestige to be called by Rossel and to prove his capacity to influence politics in Sverdlovsk. Second, it would have been risky to put the law on disbanding the legislature to the test, a political agreement takes less time and leads to the same result. As a consequence, it was also in Latyshev's advantage to cooperate with Rossel in order to expose his influence, thereby boosting his legitimacy.

This period of *détente* gave some interesting results, such as putting the Oblast Duma back to work in a few days after 7 months of deadlock. The two men even travelled together to London in December, where the Urals federal district organized a two-day colloquium on investment in the Urals where

¹⁴⁹ See Aleksandr Lakedemoniskiy, "Bes Dumy" Ekspert Ural, no. 14, 23 July 2001, pp.26-27

Latyshev, to everyone's surprise, even affirmed that Rossel was the "best governor of the Urals Federal District".¹⁵⁰

Rossel's acknowledgement of the presence of the federal district is not stranger to the fact that Rossel was actively seeking the right to participate in the Sverdlovsk gubernatorial elections for a third term. On December 27 2001, the Oblast Duma approved changes to the oblast's charter, for the right for incumbent governors to seek a third term.¹⁵¹ Rossel needed this issue passed as quickly as possible since he could not run the risk of letting this amendment to be voted after the April 2002 elections where he could have lost seats, thereby making his bid for the third term more problematic. Since Latyshev had a good relationship with Chernetskii and his political party, Latyshev could bring the deadlock to an end by suggesting to Chernetskii and his deputies to end the deadlock. This is another reason why Rossel finally contacted Latyshev and finally acknowledged the presence of the federal district as a serious and important political actor in the Oblast, at least for a short time. It also showed that the federal government was more flexible than it looked in striking deals with opponents for the sake of stability and effectiveness.

However, this *détente* was short lived since the differences between Rossel and Latyshev will become increasingly apparent, especially on the eve of the April 2002 legislative elections in the Oblast.

¹⁵⁰ Pyotr Latyshev: "Rossel' Luchshi Gubernator URFO" Vechernye Vedomosti, December 7 2002

¹⁵¹ See Mikhail Novikov, "Tretii srok stal zakonom dlya vseh" Kapital Ekaterinburg, no.37, December 28 2001

4.6. Unleashing the Tug of War: The Legislative Elections of April 2002

After Rossel secured himself the right to participate in the 2003 gubernatorial elections, the relationship with federal authorities rapidly deteriorated. It might seem surprising that the federal district indirectly helped Rossel secure the right to seek a third term. However, it did not have any choice since the political climate quickly evolved into an all-out war between the two camps during the electoral campaign in March and April 2002 to fill half of the seats of the regional Duma.

The campaign was centered around two main blocks, one representing the interests of the Governor (*Za Rodnoi Ural*), Eduard Rossel, the other (*Edinstvo and Otechestvo*) the interests of the federal government. Serguei Nosov, the director of the Nizhny Tagil Metallurgical Combine (NTMK), was Rossel's prime opponent as the head of the regional division of Edinstvo, the presidential party of power.

The strategies of the two blocks were obviously different, Nosov playing the President's card while Rossel used the traditional regionalist game. The federal district's apparatus which supported Nosov did not refrain from supporting Edinaya Rossiya by giving political advice and lending resources useful resources to the party of power.

The campaign quickly degenerated in a flurry of insults, name calling and dirty political attacks. It all began at the founding meeting of the regional branch of *Edinaya Rossiya* on March 23, where the party leadership, apparently under the

suggestion of the *polpred's* apparat, “forgot” to invite pro-gubernatorial media such as the newspapers *Vechernie Vedomosti*, *Podrobnosti* and the Oblast Television.¹⁵² This event clearly demonstrated the division between *Edinaya Rossiya* and the pro-gubernatorial forces of *Za Rodnoi Ural*. The presence of prominent bureaucrats from the federal district clearly indicated their direct involvement in the political campaign.

Rossel also used administrative resources to push for his party's candidates, firstly by covering the oblast's buildings with *Za Rodnoi Ural* banners and posters. This strategy demonstrated the polarization of the campaign between the “federals” and the “regionals”. Rossel backed media quickly used their resources to employ a clearly aggressive acronym of *Edinstvo* and *Otechestvo* in their publications: EdiOTy (a striking resemblance to idiots in Russian).¹⁵³ Rossel's charge against Nosov, *Edinaya Rossiya* and the federal district was clearly demonstrated in an interview with *Nezavisimaya Gazeta*. In this interview, Rossel implied that Nosov was a puppet being used by the federal district :

“He does not have any experience in politics. They seriously use him to pursue their interests and It is sad for him . I thought about everything to help him out but up until now, I could think of anything.”¹⁵⁴

By describing Nosov as being used by the federal government, Rossel was effectively able to show the involvement of the federal district in Nosov's

¹⁵² Dmitii Noskov, “Partiya Vlasti Boitsya Zhurnalistov” *Verchernie Vedomosti*, March 25 2002

¹⁵³ “Detskie Shalosti Vzroslykh “EdiOTov” *Oblast'naya Gazeta*, April 9 2002

¹⁵⁴ “Eduard Rossel Otstaivaet naslednie Yeltsina” *Nezavisimaya Gazeta*, 2 April 2002

campaign, thereby playing the “us against them” card and appealing to regional pride. In this interview, he also blasted the federal government’s attempt to get rid of the bilateral agreements between the centre and the regions: “What is wrong with them bilateral agreements)? I do not understand. I have 42 agreements. Why get rid of them today? It is not serious.”¹⁵⁵ Rossel therefore tried to imply that the federal government was not willing to respect its prior commitments, that it was acting in an irresponsible manner.

According to Ilya Gorfinkel, a well-known political scientist working for the federal district, this interview was the launching pad for a new round in the conflict between the Rossel and the federal establishment:

“In the *Nezavisimaya gazeta* interview, Rossel announced 5 positions on which he does not agree with the federal government. Surely, in these fields, the presidential representative cannot support him. It is possible that this interview could open a new round of conflict, because there are now open attacks against the presidential representative.”¹⁵⁶

The regional legislative elections therefore helped Rossel to position himself as a politician not accepting compromise which would denigrate the oblast’s position. His decision was surely helped by favorable polls on his behalf, even though Putin enjoyed a favorable standing in the oblast. As Yaroslav Startsev noted:

“Rossel’s success is the result of the creation of a distinct regional identity because he has proven that there is a regional movement. There are also the foreigners, the variags as they say and this strategy clearly worked.”¹⁵⁷

¹⁵⁵ *Ibid*

¹⁵⁶ Interview with Ilya Gorfinkel, Yekaterinburg, April 5 2002

¹⁵⁷ Interview with Yaroslav Startsev, Yekaterinburg, June 4 2002

Rossel played the right card and Nosov's strategy backfired when the pro-gubernatorial forces took more than 31.5% of the vote against 11% for *Edinaya Rossiya*.¹⁵⁸ As a consequence, Rossel's forces were able to cling to more than half of the seats (14) of the oblast's дума while pro-federal forces only control six. The last elections saw the difficulty for the Kremlin of cracking Rossel's tight control over the oblast. It also legitimized Rossel's push for the creation of a regional Urals identity. However, his success is not total. The elections showed that there is now a consolidated opposition to Rossel and that the federal district, even though it stated that it was neutral in the debate, was very active on working against Rossel. As Gordon Hahn noted: "It seems that Moscow has found its man in Sverdlovsk (Nosov) and will be able to bring more administrative resources next time around."¹⁵⁹

The conflict between Rossel and Latyshev goes beyond a simple conflict of personality. It now involves administrative resources from both the regional and federal governments and implicates powerful political machines on both sides. One thing is now sure: the presidential representative is now a powerful actor in the oblast's political system, thereby challenging Rossel's grip on this powerful region. The section part will address the means and methods used by the presidential representative to gather momentum and to aggregate forces around him in the Urals federal district.

¹⁵⁸ "Kak Rossel Putina Pobedil", *Ekspert Ural*, no.16, April 22 2002

¹⁵⁹ Gordon M. Hahn, "Sverdlovsk Governor Rossel's Gambit", *The Russia Journal*, No.14, April 19 2002

4.7. Gathering Strength : Means employed by the presidential representative to gather support

It was not an easy task for Pyotr Latyshev to gather broad ranging support in Sverdlovsk. He was an appointed individual who was not living in the region. He had a problem of legitimacy which made him a potential sitting duck for a variety of people in the region. Rossel's grip on power made it difficult for the presidential representative to reach out to a number of people in the region. It became a clear cut example that a choice had to be made by the economic and political elite: It was either Rossel or Latyshev.

As a consequence, Latyshev and his team started by approaching Rossel's traditional opponents such as Arkadii Chernetskii and a number of highly visible specialists from the region. By doing so, the federal district was tapping into human resources, by hoping to create a bandwagoning effect, as stated in the second chapter. The presence of the federal district gave the opportunity to regional leaders to join the highly prestigious presidential administration. It was therefore possible for people in the regions to join the ranks of the federal administration without leaving for Moscow. As a consequence, the federal district appealed to a number of people, including Rossel's allies such as Ilya Gorfinkel and Anatoly Kirillov.

Latyshev was able to create a strong team around him but to gain popular legitimacy he also needed to appeal to the population of the region. Another interesting means for creating a momentum was to take control of key regional media outlets such as Chernetskii's Channel 41 and the Ekaterinburg-based dailies *Uralskii Rabochii* and *Vecherny Yekaterinburg*. These three outlets were

part of Chernetskii's entourage before the creation of the federal district. However, It became clear that the association with Latyshev would give a boost to these outlets, which were traditional Rossel opponents. Another example of the willingness of the federal district to wedge attacks against Rossel and the regional administration lies in the disastrous attempt to create a free weekly newspaper to spread malicious attacks against Rossel's administration; the short lived D.S.P.¹⁶⁰ This obscure publication, supposedly put in circulation with federal money, unleashed a series of vicious attacks against Aleksei Vorobyov, the oblast's Prime Minister. With a circulation of well over 500 000 copies, which is huge by Russian standards, Latyshev himself wished a long and prosperous life to the weekly.¹⁶¹ The same issue reported the Prime Minister's supposed homosexuality and relationship with a 25 year-old civil servant. The newspaper also argued that Vorobyov stole more than 500 000\$ of public money to buy an apartment in Moscow, rumors which in the end proved untrue. This strategy backfired and Latyshev quickly stated that he had nothing to do with this paper. This example demonstrated that "black-PR" could backfire against its creators. However, It proved that the federal district was willing to pursue a wide array of strategies to gain control of the regional media.

Getting access to the regional media was only one of the federal districts strategies to influence the perception of the population of the oblast. Another initiative in gathering popular support was to put in place a "black-box" system where ordinary citizens could write down their problems and send them to the federal district. Latyshev also appeared on a monthly basis in an "open

¹⁶⁰ stands for Dlya Sluzhebnogo Pol'zovaniya (For Official Use)

microphone” television show where he answered the questions of ordinary citizens. However, according to numerous journalists and personnel working in cooperation with the federal district, these shows were largely rehearsed and calls were filtered in order to create the best image possible. The main objective of these measures was to give the impression that the federal government was close to the people and that it cared about the fate of ordinary citizens. We should also note that Vladimir Putin also used this strategy on at least one occasion in winter 2002.

Another strategy used by Mr. Latyshev to gather support was to create divisions in the economic elite of the oblast in order to undermine the traditional business support for Rossel and the regional administration. However, Latyshev’s successes were slow to come since the old habits of the business elite were tightly intertwined with the regional political structure. His first meeting with the local business leaders took place in October 2000 and at the time, it was unclear which direction Latyshev’s partnership with business would take:

“On 19 October, Latyshev invited 14 of the region's top industrial leaders to meet with him. The guests included LUKoil President Vagit Alekperov and Surgutneftegaz head Vladimir Bogdanov. The main topic of discussion was relations between the presidential representatives and the governors and the role of big business in these ties. Latyshev said that the rules of the game had changed and that he had more economic power now and the businesses should work with him rather than the governors. He said that he would be able to pressure those who decided to take another path. His goal was to weaken the economic base of the governors and shift that power into his own hands.”¹⁶²

¹⁶¹ D.S.P Dlya Sluzhebnogo Pol'zovaniya ., No.1, September 2001

¹⁶² “Latyshev Seeks to Undermine Governors’ Economic Base” Russian Regional Report, vol. 5, no.39, October 23 2000

It became more and more apparent that some leaders of the Sverdlovsk business community were willing to abandon their traditional loyalty to Rossel and shift it towards Latyshev, the federal district, and, by extension ultimately the federal government and the President. One of the first signs of the political realignment of key economic players was the creation of a business circle around the presidential representative. The “Captains of Business” economic club was created in December 2001 with a mission to “form common positions on critical problems” and “transfer to the *polpred* the final decisions for the representation of the interests of the Urals business in Moscow”.¹⁶³ This club, composed of major industrialists in Sverdlovsk such as Viktor Vekselberg (Siberia-Urals Aluminium Company), Sergei Nosov (Nizhy Tagil Metallurgical Combine), Kakha Bendukidze (Uralmash) and Andrei Kozitsyn (Urals Mining and Metals Company), was “created with the active assistance of the presidential representative, Pyotr Latyshev.”¹⁶⁴ With such measures, Latyshev actively tried to show that Rossel was not the sole purveyor of economic and political goods, especially for the heavy industry, Rossel's traditional mainstay. Latyshev also magnified the bandwagoning effect around Putin, making it an obvious choice to become associated with structures associated with the President. The ultimate result of this partnership between regional business and the federal government is clearly indicated by the choice of Sergei Nosov to head the regional branch of *Edinaya Rossiya*, marking a new era in business-politics relationships in the Sverdlovsk Oblast.

¹⁶³ “Elita Biznesa Sozdala Klub po Interesam. Vokrug Polpreda” Ekspert Ural, No.24, December 17 2001, p.7

The *polpred* also catered to numerous non-governmental organizations and individuals in the district by establishing an impressive number (30) of consultative councils that serve the purpose of monitoring the situation in the district and subsequently making recommendations to the federal government. However, these councils are heavily politicized, with the presence of usually friendly experts and panelists. During the 6th meeting of the expert political council which took place on May 20 2002 in Yekaterinburg, to which the author attended, it seemed that no opposition came from the participants. The apparently biased material contained in the booklet of the fifth expert political council is also a sign of this trend.¹⁶⁵ According to a source from the federal district which asked to remain anonymous, especially the political and media councils, the participants were usually selected for their loyalty or out of gratitude for their previous services. As a consequence, we can affirm that the formation of these councils, even though they might help to get feedback from society, serves political interests and are used to gain support instead of provoking a true dialogue between politicians and society.

Even though Latyshev was appointed, and even though he initially enjoyed relatively low support from the regional elites, he has established himself as a genuine political actor in the oblast. He achieved this by presenting himself as the President's man in the region and by using all the resources available to him. His use of the media, his courting of the elite, and his use of rewards by creating a

¹⁶⁴ Ibid

vast array of councils gave Latyshev the legitimacy he badly needed in order to address effectively the tasks he was given by the President.

4.7. Curbing the Governor's Powers : Improving the federal government's capacity in Sverdlovsk Oblast

The main objectives of the presidential representatives were centered around the improvement of the capacity of the federal government to implement its decisions and uphold its prerogatives. Latyshev's role in realizing these goals in Sverdlovsk Oblast is worth looking at since Sverdlovsk is one of the staunchest proponents of regional autonomy in Russia. The main tools put in place by the presidential representatives to improve the federal government's grip on regional governments in the regions fall into three categories: the cadre policy, control over financial flows to regions and municipalities and bringing regional laws to federal norms.

One of the most important tasks of the presidential representatives is the "realization in the Federal Districts of the President's cadre policy".¹⁶⁵ During the 1990's, the governors ended up having a *de facto* right to nominate key personnel of the regional branches of the federal agencies. This power to nominate the regional heads of the Interior Ministry, the Customs Agency and even the FSB obviously created distortions in the chain of command. To a certain extent, a number of key individuals ended up taking the governors' side even though they formally depended on the federal government. In order to redress

¹⁶⁵ Ekspertny Politicheskii Sovet: Materialy k Pyatomu Zasedaniou, (Ekaterinburg, URFO)22 February 2002

¹⁶⁶ Presidential decree No. 849, May 13 2000

the situation, Pyotr Latyshev unseated a number of key bureaucrats who were Rossel's protégés:

"Latyshev has removed Rossel's people from the head of Sverdlovsk FSB and the Ural Military District. Additionally, Latyshev did not seek Rossel's consent in naming the new head of the Urals customs agency, firing the Sverdlovsk Oblast procurator, and creating a Security Collegium with the goal of fighting corruption. The head of the Sverdlovsk police, Aleksei Krasnikov, cooperates with Latyshev as does Yekaterinburg Mayor Arkady Chernetskii, a long-time Rossel foe. Latyshev can also limit Rossel's power by working through the federal district procurator, tax inspector, tax police, and Ministry of Internal Affairs officials. The appointment of federal district level officials in these ministries cuts the links between Russia's governors and federal police and tax collection officials."¹⁶⁷

Latyshev clearly attacked Rossel's power base by launching a campaign to get rid of his political allies in the federal agencies. However, it should be noted that the governors never had the *de jure* right to nominate their candidates but the federal government usually acknowledged the governors' choices. The nomination of key bureaucrats in the regions by the *polpred* is a qualitatively new method of managing human resources at the regional level. If the nomination of loyal cadres can temporarily fix some problems by re-establishing a clear cut hierarchy, it does not necessarily make the agencies more efficient.

Another contentious issue that was tackled by Latyshev but also by the other presidential representatives concerns the financial flows to and from the regions. The federal government, from the year 2000, employed a strategy to get a better control over the country's financial resources. First, they adopted

¹⁶⁷ "Urals Federal District: Latyshev Increasingly in Charge of Rich Region", Russian Regional Report vol.6, no. 36), October 17, 2001

budgets which redistributed revenues in Moscow's favour. According to Mikhail Zadornov, a former finance minister, "in 1997, federal government money made up 45% of Russia's total, or consolidated budget. Last year, the federal budget accounted for 60% of the country's public finances."¹⁶⁸ This amendment to the budget code reflects the growing capacity of Moscow to control financial flows.

In order to improve control of these financial flows, the presidential representatives in conjunction with the federal treasury now have better mechanisms to monitor the use of federal funds in the regions. As Sergei Samoilov, the former head of the Presidential Administration's Territorial Department and the official who was responsible for coordinating the activities of the seven presidential representatives noted,:

"The representatives will monitor the federal funds sent to the regions. They will also monitor the taxes collected in the regions for the federal budget. But I cannot say that the representatives will monitor the entire budget of a region as confirmed by the Finance Ministry."¹⁶⁹

The federal government, with the help of the presidential representatives now has direct control over how federal money is collected and spent in the regions, something that apparently was not possible before. According to Yaroslav Startsev, this new mechanism coordinated by the federal districts is a key element in understanding centralization under Vladimir Putin:

"All public services, regional, municipal and all other structures created by regions and municipalities are obligated to transfer their bank accounts to the federal

¹⁶⁸ Cain Burdeau, "Opaque Regional Budgets No Longer Wash with Kremlin", The Russia Journal, no.3(146), February 1 2002

¹⁶⁹ "Presidential Administration's Samoilov on Seven Representatives" Russian Regional Report, vol. 5, no. 30), August 02, 2000

treasury. The treasury is the only competent actor to make transactions on their accounts. (...)Now, regional budgets are verified before their adoption and not after as it was the case before. Moreover, it is the treasury and not the ministry of finance who takes care of everything. Because without previously accepted motives, they cannot spend their money.”¹⁷⁰

If the federal government practically vanished from the regions during the 1990's, the new millennium brought it back with force. The question of the financial flows is not the only one showing the growing confidence of the federal government in occupying its fields of responsibility. The campaign to review regional and municipal legislation to bring them into conformity with constitutional standards and federal law is also a manifestation of this desire to bring legal order.

The desire to bring regional legislation in line with federal norms was the first action of importance that Pyotr Latyshev tackled at the beginning of his mandate. In his landmark September 16 2000 interview in *Rossiiskaya gazeta* where he laid down his priorities, Latyshev noted that “Twenty seven percent of the regional legislation in the Urals Federal District has been declared in violation of federal norms and the constitution.”¹⁷¹ In order to address this issue, a District procuracy was created in all seven districts to oversee the work of the regional ones.

¹⁷⁰ Interview with Yaroslav Startsev, Yekaterinburg. June 4 2002

¹⁷¹ Pyotr Latyshev quoted in “Latyshev Steps Up Activities in Urals Federal District” Russian Regional Report, vol.5, no.35, September 27 2000

According to Latyshev himself in June 2001, “the issue of the creation of a unified legal space has been completed in the Urals Federal District”.¹⁷² It seems that the campaign surrounding the harmonization of laws between the regional and federal levels has been largely unproblematic even though we can question the truthfulness of Latyshev’s remarks. Sergei Pushkarev also reported Latyshev’s comments on the issue of law harmonization saying that “his powers are growing because he not only is coordinating the harmonization process, but is setting up a mechanism to prevent such problems from occurring in the future.”¹⁷³ One of Latyshev’s accomplishments lies in this mechanism to ensure legal advice from the federal district during the legislative process itself, thereby limiting the possibility of seeing unconstitutional legislation being passed by regional legislatures.

Even though the campaign to harmonize laws is not likely to have an immediate impact on the Russian legal system, it sent a strong message to the governors and regional administrations. It meant that legal nihilism, at least formally, was not accepted and that constitutional order was the objective to attain.

Even though Latyshev’s actions have not necessarily fundamentally changed the way in which politics are conducted in the Sverdlovsk Oblast, he dealt a serious blow to Rossel’s political empire. By replacing Rossel’s cronies at the head of federal agencies, by controlling more effectively the financial flows to the region, and by pushing for legal changes to respective jurisdictions, the

¹⁷² Sergei Kondratev, Ural’skii Federalnyi Okrug: Dva Goda Istorii, (East-West Institute, March 22 2002)

federal district has brought more rigid external rules to the oblast, thereby limiting the resources available to the regional administration.

However, not all actions taken by the federal district respect the spirit that upholds federalism, namely an unconditional respect for the constitutional order. If during the Yeltsin era the regional administrations largely ignored their obligations to the Russian constitution, now we see a reversal of this trend with the federal government encroaching on the regions' sovereignties. Such interventions are worrisome for the simple fact that the legal system is still incapable of ensuring the respect of the constitutional order.

The creation of the federal districts gave the federal government the opportunity to influence regional politics, something that was not possible before. However, this capacity to influence politics is not necessarily rooted in law. The federal government, with the help of the federal district seem to adopt whatever means necessary to ensure compliance. Discipline and loyalty still play a large role in shaping politics at the regional level. Even if this strategy seems to be efficient in curbing the regions' appetite for power, it does not address the issue of the importance of constitutional federalism. Instead, It perpetuates the idea of an unending struggle for the balance of power, thereby putting the Russian federal system at risk when this balance of power shifts.

¹⁷³ Sergei Pushkarev, "Rossel, Latyshev Continue Fight", Russian Regional Report, vol.6, no.9)

Conclusion

The Russian federal system has come a long way since its inception at the beginning of the 1990's. Russia underwent more than one financial crisis, a prolonged period of unchecked decentralization and a costly civil war in Chechnya. At the end of the 1990's, Russia was in critical condition. Its economy was bleeding forty billion dollars a year and no one seemed ready to take the lead in changing this course of events. Most analysts predicted a bleak future for Russia. The Russian federal government looked weak in front of seemingly powerful regional leaders. Many analysts that the assertive regional leaders who had often successfully resisted central control in the 1990s would unite to bring one of their own to the pinnacle of political power in Russia. However, things took a strange turn when Boris Yeltsin announced that he was going on pension, leaving his Prime Minister, Vladimir Putin, as acting President.

Putin's tasks looked not only huge but almost impossible. He was put in charge of a largely unworkable federal system where the rules of the game were undefined or worse, treated with disrespect. In fact, Russia had a constitution but no one, even the federal government, seemed to care about respecting the constitutional division of power laid out in that constitution. The presence of a number of bilateral treaties defining relationships between Moscow and the regions, which were not always respectful of the constitutional division of power, created an unequal playing field. In such a system, the biggest players such as

Sverdlovsk oblast and Tatarstan ended up negotiating advantageous conditions, especially in terms ownership of natural resources, taxes and the use of federal money. In the end, by giving up numerous rights to the governors, the federal government ended up eroding its own power base. In fact, by giving up concessions in order to save the Russian federation from disintegration, the federal government lost most of its leverage in the regions. But at the end of the 1990's it became clear that the system had reached its limits, with the federal government having lost control over its own agencies in the regions.

Vladimir Putin's election in March 2000 would not have been anticipated even several months earlier. This "gray" former KGB agent, who was an unknown before his nomination as Russia's Prime Minister, seemed to lack the stature and political experience to attack the seemingly powerful governors. However, he was able to defeat the powerful regional lobby by imposing himself as the man in charge in the Kremlin and a possible contender for the Presidency. The momentum created around the intervention in Chechnya, after the October 1999 bombings in Moscow and Volgograd, had the consequence of making Putin's ratings skyrocket. When it became clear that Putin and the party Edinstvo, which he supported, would seriously hurt the regional lobby by defeating OVR, a serious bandwagoning effect followed, thereby contributing to a stream of support that culminated during the presidential elections.

Putin's high ratings and high popular legitimacy gave him the mandate to put order in the largely unworkable Russian federal system. His first attack

against the governors came shortly after his inauguration. The creation of the federal districts quickly became the symbol of the desire of Vladimir Putin to rein in the regions.

This desire to bring the regions back into line did not rest on the imposition of a common legal order. Since Russia's legal system is largely inefficient, Putin put in place an equilibrium of power using not only legal means but also raw discipline. The importance of discipline, as opposed to the rule of law, should not be underestimated in studying Putin's Russia. The regular use of *kompromat* against political enemies, such as Gusinsky and Berezovsky, but also Nazdratenko and Nikolaev, shows that discipline is expected from political actors and is ultimately one important rampart against instability in Putin's Russia.

In a federal system where law is largely inapplicable, the resort to brute discipline is understandable. When authority cannot be enforced by independent umpires such as the courts, there is a need to fill this vacuum with some sort of authority. In Putin's Russia, the President, with the help of the security organs and the federal districts, exercises this authority. In the short term, by resorting to discipline, Putin makes his environment more predictable than by counting on the legal system to settle disputes where the outcomes are not always predictable.

This bureaucratic authoritarian system, akin to Latin American political systems, rests on the concentration of power at the top of the pyramid and a reliance on the security organs to impose power. This concentration of power produced some positive results in the first two years of Putin's presidency.

However, this new order is not rooted in institutional change, but is merely a change in atmosphere, harvesting the results of a positive situational dynamic.

Even if most changes brought by Putin are based on personal linkages and do not attack the fundamentals of the system, the discipline brought to the Russian federal system ended the cycle of decentralization, which is already a great accomplishment. However, in a federal system such as Russia, where the legal system is still largely incapable of upholding the principles of federalism, such measures are understandable though not necessarily in accord with the usual democratic principles. It is still early to assess whether the reliance on discipline will have the effect of bringing more accountability to the regional political regimes or its opposite by creating a crony-driven federal system.

The creation of the federal districts is part of a kind of political “shock therapy” put in place by Putin and the presidential administration to stop the cycle of decentralization. As it was noted, the institution of the *polpred* is not fundamentally different from that of the presidential representatives of the Yeltsin era. Their task and duties are defined exactly the same way. What changed is the geographic focus, from the presence of more than eighty representatives in almost each region to less than seven, each supervising a “super region”. The presence of a limited number of representatives tightens the grip of the presidential administration on these individuals. In that sense, they are less likely to fall under the influence of the governors. If the tasks and duties of the *polpredy* did not change between the Yeltsin and Putin eras, the political environment did.

The high popular legitimacy of the president and the overall consensus on the need to centralize the Russian state gives the presidential representatives a substantial weight in the political balance, something that was not possible to accomplish during the Yeltsin era. The presidential representatives are becoming key political actors in the Russian federal system. However, the blurry nature of their role left some observers uneasy at the onset of Putin's presidency. As we noted earlier, the *polpred* is first and foremost a bureaucrat and a member of the presidential administration. He does not possess constitutionally defined powers. His duties are limited to the organization of work for the realization of the government's internal and external policies; to control over the execution of the decisions of the federal government in the federal districts; to the realization in the federal districts of the President's cadre policy ;and to presenting to the President regular reports about national security, and the political and socio-economic situation in the districts. The scope of action of the presidential representatives is extremely wide but their capacity to act concretely is quite shallow.

It should be noted that even though the federal districts were created to coordinate the work of the federal government in the regions, there is little coordination between the *polpredy*. Each representative has his own agenda and uses different methods, making it difficult to understand if the federal government really has a strategy of its own. As Robert Ortung noted: "Perhaps most ironic for a reform designed to impose a uniform style of management on the country, the

presidential representatives all work in their own largely individualistic style with little apparent coordination between them.¹⁷⁴ One possible reason for this lack of coordination might also be that Moscow is looking for methods to manage the Russian state and in that sense, lets each representative conduct an empirical experiment in his own region. One other reason might be that the government simply tried to do something without having a defined strategy on hand.

Even though it is difficult to assess whether there is a broad strategy to rein in the regions, a number of analysts argue that the federal districts were created to give some visibility to the federal government in the regions. It is possible to affirm that the federal districts are a direct response to the lack of channels available to the federal government to disseminate information in the regions. The districts are clearly part of a plan to bolster public opinion on the federal government and the presidency. The biased coverage of the work of the *polpredy* and the President by the media affiliated to the federal districts is a sign of this trend.

By establishing a direct link between the regions and the President, the creation of the federal districts brought the federal government « closer to the people. » By doing this, Moscow effectively cut the regionalist movement off from its traditional discourse. Now, Moscow seem to care about the regions and this powerful new presence has mean a greater diversity in the political arena, especially in regions governed by authoritarian leaders.

¹⁷⁴ Robert Ortung, The Impact of Putin's Reforms on Russia's Governors, East-West Institute, 22

One of the federal government's main objectives in creating the federal districts was to take control over the federal agencies in the regions. Over the years, the governors ultimately had won the *de facto* right to nominate key personnel of the federal agencies in the regions. This situation obviously created distortions in the line of command since key individuals in federal agencies ended up being the governor's protégés. Now, the federal districts control the nomination of the cadres of the federal agencies, something that dealt the governors a serious blow.

Our case study of Sverdlovsk Oblast provided additional insights about the federal districts. In particular, the case revealed the personalistic character of federal relationships and the importance of personal linkages in the Russian federal system. The means employed by the federal district to gather support and to undermine political opponents are also quite instructive in understanding the general political climate in Russia. The *polpred's apparat* clearly did not refrain from interfering in local politics. Such actions denote a rather strange vision of the constitutional division of power and indicate the absolute willingness of the federal governments to score points on all fronts.

In a region like Sverdlovsk, where a rather strong political opposition always existed, we can see that the creation of the federal districts actually reinforced quite sharply the opposition to Governor Rossel. The federal district, therefore, ended up being an umbrella organization to coordinate opposition against Rossel.

However, the events surrounding the April 2002 regional legislative elections showed that the effectiveness of the polpred's apparat was not absolute in crushing the regionalist agenda. The victory of Rossel also tested the limits of the presidential representative in determining the regional political agenda.

It is still early to judge the performance of the new institutions that are the federal districts. However, it is possible to see that they are having a gradual but relatively strong impact on regional political systems. If governors used to govern their regions with total impunity, now they have someone looking over their shoulders. Even though this method of ensuring compliance is not fully in accord with the general principles of federalism, we can affirm that the federal districts have fulfilled their role in reverting the trend towards decentralization and fragmentation of Russia.

Even though we can question some of the methods used by the federal government to bring back order in the federal system, we should consider the fact that it was absolutely necessary to stop the bleeding of authority from the center. Chechnya notwithstanding, the result is nevertheless encouraging, with Russia being a relatively stable country with a growing economy and a better hope for the future.

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