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OSW STUDIES



**FEDERATION WITHOUT FEDERALISM**  
RELATIONS BETWEEN MOSCOW  
AND THE REGIONS

Jadwiga Rogoża

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CENTRE FOR EASTERN STUDIES

OŚRODEK STUDIÓW WSCHODNICH im. **Marka Karpia**

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## KEY POINTS

- The territorial extensiveness of the Russian Federation brings about an immense diversity in terms of geographic, economic and ethnic features of individual regions. This diversity is reflected by serious disparities in the regions' levels of development, as well as their national identity, civic awareness, social and political activity. We are in fact dealing with a 'multi-speed Russia': along with the economically developed, post-industrial regions inhabited by active communities, there are poverty-stricken, inertial regions, dependent on support and subsidies from the centre. Large cities, with their higher living standards, concentration of social capital, a growing need for pluralism in politics and elections characterised by competition constitute specific 'islands of activity' on Russia's map. This proves once again that the social changes that are taking place in Russia along with generational change, economic development and technological progress, are in fact insular in nature.
- The current model of relations between Moscow and the regions has been shaped by the policy of centralisation pursued by the Kremlin since 2000. The priority of this policy has been to restore the president's dominance in the system of government, by regaining control over regional elites (and other political and business actors) and by redirecting financial flows to the central budget, to be arbitrarily redistributed by the Kremlin. As a result of this policy, the autonomy of the Russian regions has been reduced fundamentally, and their capacity to conduct policies based on their specificity is extremely limited. The central government's control (political, economic and administrative) over the regions is currently so thorough that it contradicts the formally existing federal form of government in Russia.
- The policy of centralisation creates a number of negative consequences for the development of the regions. Firstly, the restriction of the regions' political and economic autonomy has affected the performance of the regional elites. Their priorities have shifted from focusing on the region to seeking favours from the Kremlin, whose will determines the political outlooks of the regional heads and the condition of regional budgets. This model promotes the role of the region as a passive supplicant, for whom it is easier to seek support from the central government, offering loyalty in exchange, than to implement complex systemic reforms that would contribute to long-term development. One of the measurable effects of this policy is the constantly decreasing number of the donor regions. Secondly, the

centralisation policy makes it difficult for the regions to use their natural advantages to their benefit; they are unable to influence the implementation of large investments into their territory (such as the exploitation of raw materials) or the establishment of special economic zones. Regions with a distinctive specificity and significant resources perceive the current model as quasi-colonial, one which limits their opportunities for growth, and are therefore interested in reconstructing that model.

- On the other hand, the mainstay of the current ‘asymmetric’ model of federalism are the poor and inertial regions, which nevertheless have a numerical superiority over the rich ones. These regions are not interested in expanding their autonomy, as it would involve the need to find new sources of income independently, for which they are not prepared; they lack both natural competitive advantages and the habits of activity and entrepreneurship. These regions see their only opportunity to improve their financial condition in the central government’s aid and assistance, and are prepared to provide Moscow with unconditional political support in return.
- The new phase of the centralisation policy, which began with Vladimir Putin’s return to the Kremlin in 2012, further restricts the regions’ room for manoeuvre, mainly by imposing additional financial burdens on the regional budgets. Currently, two-thirds of the regional budget are running deficits, and the regional governments have difficulties striking a balance between increasing pressure from Moscow and the financial and social problems of their regions, which trigger social frustration. However, the regional elites’ limited influence does not allow them to lobby for favourable systemic solutions. In addition, the poor ‘political quality’ of the regional elites is yet another legacy of the policy of centralisation; regional politicians lack the capacity for strategic planning, for acting in the collective interest, and for coordinating their initiatives inter-regionally, especially when those initiatives run counter to the policy of the centre. Instead, particularistic attitudes prevail in the regions; their elites use informal channels to lobby the interests of their own regions, which are often narrowed down to the interests of the local ruling clans.
- The existing model of relations between the centre and the regions, which entails the overwhelming dominance of Moscow, has not been shaped by institutional mechanisms and official arrangements between different levels of government and society. Instead, it has been a result of a number of provisional factors, with the leading role being taken by economic conditions

and personal issues, such as the composition, mentality and priorities of Vladimir Putin's team. Institutional weakness and a susceptibility to political and economic fluctuations prevent this model from being a constant and final one, and make these relations cyclical in nature. Currently Russia is facing a change in two key factors, economic (prospects of stagnation) and political (the deteriorating legitimacy of the ruling elite). In the perspective of the next few years, the escalation of these trends may lead to the erosion of the ruling system in the Kremlin and enhance the active regions' efforts to alter the model of relations with the centre. However, the degree of institutional weakness and the ruling groups' lack of democratic habits may turn the process of negotiating new principles of relations into yet another behind-the-scenes arrangements between the federal and regional elites, with the latter guided not so much by the interests of their regions, as by the interests of their clans. As a result, the alternative to the current centralised model may be not so much a mature federal model, as another variation of a deformed federalism, reminiscent of the 1990s, whose beneficiaries were selected regional 'barons'.

## INTRODUCTION

The regional differentiation of the Russian Federation and the relations between the capital and the regions are often treated as an element of broader political and economic studies. However, they deserve separate analysis. Firstly, the country's great geographic, economic, ethnic and social diversity affects the direction and pace of development of the entire Russian Federation, as well as its socio-economic stability. Secondly, the aforementioned factors determine the practical implementation of many strategies mapped out in the Kremlin. Thirdly, an analysis of Russian federalism is one of the key elements in the study of the entire system of government; it once again demonstrates Russia's institutional weakness and the system's 'ductility', while indicating that the current form of federalism, with its far-reaching centralisation, is not permanent and final either. It therefore seems important to take notice of the voice of the regions, which is often depreciated due to the present-day domination of Moscow, as it might be helpful in reflecting on the shape of the Russian system if it should evolve towards a more decentralised model.

It should be specified that this paper focuses mainly on the wealthier regions or those with a distinctive specificity, which translates into certain expectations of the central government and the capacity to seek their implementation. The study deliberately does not engage in a detailed analysis of poorer regions, even though in the scale of the Russian Federation they predominate in terms of population and area. The main reason is that the weakness of their economies makes them hyper-dependent on the centre: they act as passive supplicants *vis-à-vis* Moscow, who do not carry out or even formulate their own policies, and only seek greater funding within the existing system. Such regions are and will remain passive witnesses of a game between the Kremlin and those regions with distinctive specificity and greater ambitions. Nor does this study deal with the case of the North Caucasus, whose internal specifics and relations with Moscow exceed the standard framework of Russia's regional policy, and have been described in separate studies<sup>1</sup>.

The text opens with a chapter describing the evolution of Russian federalism in the 1990s, following the collapse of the USSR, when the weakened central authority played second fiddle to strong, ambitious regions. The second chapter

<sup>1</sup> W. Górecki, No change in the Russian Caucasus. The winter Olympics amid a local war, OSW Studies, 27 Jan. 2014, <http://www.osw.waw.pl/en/publikacje/osw-studies/2014-01-27/no-change-russian-caucasus-winter-olympics-amid-a-local-war>



shows the evolution of this model under the policy of centralisation, initiated by Vladimir Putin in 2000. The third chapter presents the diversity of the Russian regions by describing selected regions with distinctive characteristics (related to geography, resources, ethnic composition) and specific interests. The fourth chapter analyses the stance of the active regions towards centralisation, their expectations and (limited) possibilities to fulfil them. The fifth chapter presents the reactivation of the policy of centralisation upon Vladimir Putin's return to the Kremlin in 2012. The study is concluded with a chapter outlining the prospects of relations between Moscow and the regions in the coming years, including the evolution of the current centralised model.

## I. POST-SOVIET NEGOTIATED FEDERALISM

Following the collapse of the Soviet Union, a specific type of federalism formed in Russia that lasted for almost a decade and was characterised by the weakness of central authority and the assertiveness of key political and economic actors – big business (oligarchs), political parties and regional elites. The federal elite was struggling with the hardships of transition and serious economic difficulties, and was additionally weakened by the personal problems of President Boris Yeltsin – every so often, the Kremlin was forced to ‘exchange’ concessions to the aforementioned players for their political or economic support. The regional elites took full advantage of Yeltsin’s famous appeal: ‘Take as much independence as you can swallow’. The balance of power in the Russian Federation clearly shifted in favour of the regions, especially the more affluent ones (the so-called ‘donor’ regions, i.e. net contributors to the Russian budget) who had their distinctive specificity and identity, and demonstrated aspirations to extend their autonomy to derive more profits. This was the time of the greatest political and economic pluralism in post-Soviet Russia, albeit saddled with serious deficiencies that hindered the emergence of a mature federalism.

The shape of the federal model of that time was heavily affected by the Soviet legacy; the generation of regional politicians in power had been raised in the Soviet Union, and was characterised by an **authoritarian political culture**. Their pursuit of greater autonomy was not (as in developed countries with a federal system) synonymous with decentralisation and a division of powers which would have helped to prevent malpractices at all levels. It is symptomatic that the biggest enclaves of authoritarianism in the 1990s developed in those regions that enjoyed the greatest degree of autonomy, such as Tatarstan and Bashkortostan<sup>2</sup>.

Another deficiency was **institutional weakness**. The Kremlin’s relations with the regions (and with other actors) were heavily personalised and often resembled behind-the-scenes bargaining from which the public was excluded. The course of this bargaining was dependent on the economic potential of a given region, on the position of individual governors and their connections in the relevant structures of the central government. As a result, some regional ‘barons’ extorted successive economic privileges from Moscow and their regions were bedizened with symbolic attributes of ‘independence’: references

<sup>2</sup> A. Zakharov, *Spyashchiy institut: federalism v Rossii i sovremennom mirye*, Moscow 2012, pp. 7-8.

to 'sovereignty' in regional constitutions (Yakutia, Tatarstan, Bashkortostan, Tuva), insets in national languages inserted in passports (Tatarstan, Bashkortostan, Dagestan), trade representations abroad, or the reconstruction of historic heritage with some anti-Russian overtones (e.g. the restoration of the Kul-Sharif mosque in Tatarstan, which had been burned by Ivan the Terrible after the capture of Kazan). The most self-confident regions – Tatarstan and the Chechen-Ingush republic – even refused to sign the Federal Treaty in 1992 concerning the division of powers between the centre and the regions<sup>3</sup>, which they saw as confirmation of the regions' vulnerability vis-à-vis the centre. Throughout the entire decade, the central government concluded individual contracts with the regions that specified the division of powers in the spheres of economy, budget, property rights, financial, monetary and customs policy. By 1998, 42 such agreements had been concluded (out of 89 then existing regions). A symptom of this was the fact that the powers of individual regions varied greatly and depended on their political importance and the lobbying potential of the region's elites<sup>4</sup>. A unique agreement, even in that context, was the one which the President of Tatarstan Mintimer Shaimiev signed with Moscow; the republic was granted the status of a sovereign state associated with Russia and a subject of international law<sup>5</sup>. The political crowning of this **regional 'Fronde'** was the foundation of the Fatherland-All Russia party in 1999, whose backbone were the elites of the donor regions. One of the party's leaders, Yevgeny Primakov, was even a serious contender to Vladimir Putin in the presidential election in 2000.

To describe the position of regional elites in the 1990s, some scholars use the term 'parade of sovereignties', referring to the successive declarations of sovereignty of the Soviet republics towards the end of the Soviet Union, which initiated its collapse. The 1990s were engraved in the public memory – especially after 2000 – as a time when the territorial integrity of the Russian Federation was at risk, and that risk was aggravated by the chaos of transformation, economic hardships and the ambitions of 'regional barons'. Scholars define the

<sup>3</sup> The Federation Treaty (31 March 1992) was an agreement that regulated the relations within the Russian Federation and divided the powers between the federal authorities and the regions contained in three groups: 1. republics; 2. territories, regions and cities with a federal status (Moscow and St. Petersburg); 3. autonomous regions and autonomous areas.

<sup>4</sup> L. Polishchuk, 'The Russian Model of Negotiated Federalism', in Klimanov, V., and Zubarevich, N., eds., *The Regional Dimension of Politics and Economics* (Moscow, St. Petersburg: Studia Politica, 2000).

<sup>5</sup> L. Ambinder, 'Mintimer Shaimiev: Lider v borbye regionalnykh elit', *Kommersant* daily, 30 March 1996.

Russian variant of federalism in the 1990s as *negotiated federalism*, stressing that it contradicts the fundamental principle of a federal state as a fixed and clear division of powers and spheres of activity between the authorities of the federal and regional levels, each of whom operates autonomously within their own sphere of competence<sup>6</sup>.

<sup>6</sup> L. Polishchuk, *op. cit.*

## II. THE LANDSCAPE AFTER CENTRALISATION

The turning point for the centre-regions relations was the election of Vladimir Putin as president in 2000. This marked the rebuilding of the Kremlin's position, which was supported by soaring oil prices and solid public acceptance for the new president's actions, including the 'restoration of the territorial integrity of the country' (which in the public perception was challenged by the emancipation of the regional elites) and for a broadly defined 'order' (consisting in the subordination of the key political and economic players). In the following years, the centralisation of power initiated by Putin has completely changed the balance of power between the Kremlin and other political and economic players, including the regional elites, and Moscow has regained the role of the centre that concentrates power and resources. The restoration of the Kremlin's dominance was dubbed the 'strengthening of the vertical of executive power' (Russian: *vertikal vlasti*) and this term has dominated the political discourse in Russia since 2000.

The year 2000 marked the weakening of the position of regional leaders, as a result of legal amendments that have changed the legal framework of their activity, informal actions, inspired by the Kremlin, and by Moscow acquiring control over the regions' strategic assets<sup>7</sup>.

The process of **harmonising regional laws with federal legislation** was launched, including the removal of references to 'sovereignty' from regional constitutions and laws, as well as other provisions that contradicted federal norms. Under a presidential decree of 13 May 2000, an additional level of administration was introduced which was not reflected in the Constitution: along with the division of the Russian Federation into 'federal subjects' (regions), it was divided into seven federal districts. These are headed by plenipotentiary envoys, official representatives of the president whose function is to ensure the realisation of his constitutional powers in the district, and to act as advisory and control bodies with regard to regional governments. They are responsible for monitoring the situation in the regions and providing information to the Kremlin; overseeing the harmonisation of regional laws with

<sup>7</sup> In 2009, Moscow took control of Bashkortostan's main asset, the Bashneft oil company (via the Moscow-based AFK Sistema company which bought a controlling stake). This has strengthened Moscow's influence in the region and made it possible to force the resignation of Bashkortostan's long-time president Murtaza Rakhimov one year later. In the case of Yakutia, control over the world's largest diamond mining company Alrosa was acquired through regular management exchanges (the state holds a majority stake in the company).

the federal legislation and selected aspects of regional fiscal policy; and participating in consultations concerning regional elections. Despite their limited formal powers, in the initial phase of the centralisation policy the presidential envoys played a significant role in limiting the autonomy of the regions and subordinating them to the central government.

The centre has also **strengthened its control over the regional institutions of force**; the right to appoint heads of their regional structures has become the exclusive prerogative of the president of the Russian Federation. In 2002, the **regional leaders lost their senatorial status**; they had to leave the Federation Council, the upper house of parliament, thus losing influence on the legislative process at the federal level. Instead, they became members of the State Council, which is an advisory body without significant powers. Even though representatives of the regions still sit in the Federation Council (each region delegates one representative from the legislative and executive branch), their rank is now much lower. Moreover, successive legal amendments have reduced the regions' leverage on the appointment and dismissal of senators<sup>8</sup>. Finally, the decisive blow in the political position and legitimacy of the regional elites was the president's initiative in 2005 to **replace general elections to governorships with a system of direct appointment** and dismissal by the president<sup>9</sup>. During the presidencies of Putin and especially Medvedev, a deep reshuffle of regional elites was carried out (under Medvedev, a quarter of the gubernatorial corps was replaced). As a result of this process, the regions were headed – with very few exceptions – by politicians devoid of influence and charisma, rendered impotent and aware of their dependence on the centre.

The **budget and tax reform** proved to be a key tool to limit the autonomy of the regions. Under the changes introduced in 2000-2001, the share of the central budget revenues significantly increased at the expense of regional budgets: the

<sup>8</sup> According to recent amendments, the governor and regional parliament lose the right to recall a senator from their region; this may now only be done by the chamber. At the same time, residency requirements were introduced for senators (the candidate is required to have lived in the region for at least five years), as previously there had been many instances of persons linked to the ruling elite but having no links with the region being nominated senators. These were often businessmen-billionaires, who thus gained immunity, such as Sergei Pugachev (representative of the executive power of the Tuva region in 2001-11), Boris Shpigel (Penza oblast, 2003-13), Dmitry Ananyev (Yamalo-Nenets autonomous district, 2006-13), Vitaly Malkin (Buryatia, 2004-2013), and Ludmila Narusova, wife of Anatoly Sobchak, Putin's former mentor (representative of the Tuva region parliament, 2002-12).

<sup>9</sup> Formally, regional parliaments nominated the heads of the regions, voting among candidates proposed by the president of Russia. This procedure was in force until 2012.

share of the centre in the consolidated budget increased from 44% in 1999 to 66.2% in 2007. In 2005, a new mechanism was introduced for the sharing of tax revenues. The taxes with the highest chargeability (VAT, excise, PIT, CIT, Mineral Extraction Tax) were redirected to the central budget. Regional budgets have lost a significant part of their income; the division of revenues between the regions and the central budget have changed from 50/50 before the reform, to slightly above the 30% of taxes left in the region (35% in 2013)<sup>10</sup>. In return, regions were entitled to transfers from the federal budget, although this did not offset the losses caused by the reform.

The limitation of the regional leaders' economic room for manoeuvre and the procedure of their appointment by the Kremlin **reduced the independence and effectiveness of the regional authorities**. Their priorities have shifted from concentration on the region and the interests of regional actors towards seeking the Kremlin's favour, whose will determined the position of the head of the region. This model is not conducive to increasing the efficiency of regional economies, improving the investment climate or attracting investors. Instead, the regional elites are concentrated on lobbying in the federal offices, usually in the interest of companies linked to regional clans or partly to the federal elite<sup>11</sup>. The motivation for this lobbying activity is further enhanced by the opacity and arbitrariness of the system for distributing transfers from the central budget<sup>12</sup>. The most glaring example of this trend is Tatarstan, one of the most effective regional lobbyists. The Tatarstan government is focused on obtaining funds for large-scale 'one-off projects', such as the millennium celebrations for Kazan city in 2005 (for which the central government allocated about \$360 million, and over \$1 billion of private investments), the *Universiade* in 2013 (over \$1 billion from the state budget) and the construction of a high-speed railway connecting Moscow and Kazan, whose total cost was estimated at about \$30 billion (although this project has been halted recently).

This model promotes an **attitude of the regions as passive supplicants**, wherein it is easier to seek donations from the centre than to create favourable conditions in the regions themselves to develop and invest in new projects (especially bearing in mind that a large portion of taxes from possible

<sup>10</sup> RBC daily.

<sup>11</sup> L. Polishchuk, *op. cit.*

<sup>12</sup> As little as a quarter of the transfers is allocated on the basis of transparent criteria; the rest is divided arbitrarily. For details see N. Zubarevich, 'Ni odin region ne imeyet stimulov zarabatyvat', *Izvestia*, 19 September 2013.

new investments would be directed to the central budget<sup>13</sup>). The policy of centralisation – the fiscal reform, and the restrictions to the autonomy of the regional authorities – seems to be the main reason for the steady decline in the number of Russian donor regions – from 33-35 in the late 1990s<sup>14</sup> to 19 in 2007, and as few as 10 in 2013, with resource-rich regions predominating<sup>15</sup>.

Moreover, this model does not offer the regions any opportunities to **make full use of their natural potential** and to profit from their competitive advantages. In 2004 the regional governments lost their leverage on the investment policy concerning the extraction of natural resources on their territories: the extraction licenses are now issued by the federal Ministry of Natural Resources. Nor do the regions have any impact on the policies of corporations that carry out mining work on their territories: most of the large companies are registered in Moscow, where they pay taxes and negotiate the terms of their activities. It is also up to the federal authorities to grant tax reliefs to those companies, which lowers the tax revenues of the regional budgets and reduces the regions' income.

Instead, the Kremlin often offers the regions **projects that do not quite match their needs and specificity**. An example of this is the Kaliningrad Oblast, a Russian exclave within the European Union. A Special Economic Zone in force in that region from 1996 to 2006 was conducive to small and medium-sized investors, including from abroad. When it expired, the federal parliament passed a new law on a Special Economic Zone, which this time promotes large investors (with investments exceeding \$5 million). The new zone has attracted only a few dozen investors, while the majority of foreign companies have withdrawn from Kaliningrad: the overall number of companies with foreign capital has decreased fourfold<sup>16</sup>. Moscow's other 'flagship project' plans in the region, such as the creation of a gambling zone on the Baltic coast or a tourist centre, have not been implemented at all. Moreover, Moscow has also limited the potential benefits for the regions associated with

<sup>13</sup> Y. Zabavina, 'Poterya kormilcev', *Novye Izvestia*, 29 April 2013.

<sup>14</sup> See Natalia Zubarevich, <http://www.aif.ru/money/29229>

<sup>15</sup> The list of donor regions currently includes: Moscow city, Moscow Oblast, St. Petersburg city, Leningrad oblast, Republic of Tatarstan, Sakhalin and Tyumen oblasts, Nenets, Yamalo-Nenets and Khanty-Mansi autonomous okrugs (Zabavina, *op. cit.*).

<sup>16</sup> J. Rogoża, A. Wierzbowska, I. Wiśniewska, 'A captive island: Kaliningrad between Moscow and the EU', *OSW Studies*, 25 July 2012, <http://www.osw.waw.pl/en/publikacje/osw-studies/2012-07-25/a-captive-island-kaliningrad-between-moscow-and-eu>



the organisation of the 2018 World Cup: Prime Minister Medvedev transferred the supervision of the infrastructure construction to the federal Ministry of Sport, and the government announced that the main contractors to build the sites would not be selected in a tender, but would be appointed by administrative decision, which is likely to promote large companies associated with the ruling elite in Moscow<sup>17</sup>.

<sup>17</sup> The companies linked to the Kremlin and controlled by the oligarchs Gennady Timchenko and Arkady Rotenberg have already expressed their interest in constructing the infrastructure for the 2018 World Cup. All seven stadiums to be built for the championship will be designed by the Sports Engineering company, a subsidiary of the Ministry of Sports. See H. Aminov, Y. Gerashchenko, 'Sto millyardov v odni vorota', *Kommersant*, 25 October 2013.

### III. A MULTI-SPEED RUSSIA

The territorial extensiveness of the Russian Federation results in an unusual diversity of individual regions, in terms of their economic conditions and potentials (their resources, their levels of economic development), as well as their ethnic composition, national identity, social and political activity, civic awareness and their expectations of the government. The best-known typology based on the economic and social criteria has been created by the esteemed expert on the regions, Natalia Zubarevich, who made a classification into ‘four Russias’<sup>18</sup>. The current study focuses on several selected regions of the Russian Federation and one supra-regional area. They have been singled out due to their specific economic, ethnic or geographical characteristics. This specificity is a starting point for the analysis of these regions’ identity and their ambitions in their relations with Moscow, as well as the civic and political attitudes of their inhabitants. A counterpoint to the active regions is provided by a general characterisation of the remaining federal subjects – the more passive ones, that lack a clear identity, characteristics and resources, but which nevertheless have a numerical superiority among the Russian Federation regions.

One area that stands out due to its **economic potential** (mainly raw material resources) is Siberia<sup>19</sup>, which is the natural resource base of Russia – it holds the largest natural gas reserves and the third-largest oil reserves in the world, huge forest areas and drinking-water reservoirs<sup>20</sup>. The relationship between the Russian capital and this region can be described as quasi-colonial<sup>21</sup>, both in regard to the scale of extraction and export of natural

<sup>18</sup> Zubarevich distinguishes: Russia-1 – large, post-industrial cities, inhabited by about 21% of the population, with a large share of middle class; Russia-2 – medium-sized cities dominated by heavy industry (including the so-called mono-cities), inhabited by 25% of the population; Russia-3 – small towns and villages, inhabited by 38% of the population, who live in an almost autarchic way, and finally Russia-4 (6% of the population) – economically backward regions, with a socio-political culture different from the Russian mainstream – this category includes the North Caucasus and Tuva. For details see N. Zubarevich, ‘Chetyre Rossii’, *Vedomosti* daily, 30 December 2011.

<sup>19</sup> For the purposes of the current study, the borders of Siberia are marked by the Siberian Federal District. The Federal District occupies 30% of the entire territory of the Russian Federation and consists of 12 regions: its western borders are marked by the Omsk and Tomsk oblasts, and the eastern ones by Buryatia, the Zabaykalsky krai and the Irkutsk oblast. The wealthiest regions of the Federal District are the Krasnoyarsk krai and the Kemerovo oblast (Kuzbass). For more information see [www.sibfo.ru](http://www.sibfo.ru).

<sup>20</sup> For details see V. Zubov, V. Inozemtsev, *Sibirskiy vyzov*, Moscow 2013, p. 8.

<sup>21</sup> This term has been used by Russia’s most prominent experts on regional policy, Natalia Zubarevich and Vladislav Inozemtsev.

resources, as well as the nature of the investments Moscow has made there. The scale of these investments is limited: in the first half of 2013, the share of the Siberian Federal District in the central budget subsidies was a mere 11%<sup>22</sup>. What is more, the main infrastructure projects that are funded by the centre, such as the construction of the ESPO pipeline, the planned modernisation of the Transsib and BAM railway, are mainly intended to improve the process of exploitation and exportation of raw materials, and to a much lesser extent to enhance the socio-economic development of the region and its social facilities. Also, the Siberian transport system is designed to a much greater extent to facilitate the access to the capital than to link individual regions<sup>23</sup>. As mentioned in the previous chapter, the powers of the regional administrations in the management of the resources on their own territories are extremely limited: they have lost control over the issue of extraction licenses in favour of the federal government, and most corporations who carry out mining work in Siberia are registered and pay taxes in Moscow. Another blow to the Siberian regions' budgets comes from the tax reliefs (from taxes that go to regional budgets, such as income tax and property tax) granted by Moscow to the corporations who are linked to the ruling elite. For example, the Rosneft company, which produces oil on the Krasnoyarsk Krai territory and has noted a rapid increase of production in recent years, has gained significant tax reliefs, and consequently the budget of the region has received only a small part of the taxes due<sup>24</sup>.

Dissatisfaction with being reduced to Russia's 'raw material base' has regularly been expressed by the Siberian elites – not only in expert circles, but also by political leaders. One of the most active lobbyists for decentralisation and transferring some metropolitan powers to the regional level is Alexandr Uss, an influential Siberian politician and speaker of the Krasnoyarsk Krai Parliament. During numerous conferences and forums devoted to Siberia's autonomy, Uss has emphasised that the region should assertively make up a 'Siberian agenda' which can be translated into decisions at the federal level. Uss stresses that Siberia earns enough for Russia, and so the greater part of these funds should remain in the region and be directed not only to current social needs, but also to investments in the region's development. Pointing to the region's

<sup>22</sup> N. Zubarevich, 'Ekonomicheskiy separatizm ili zdorovaya zhazhda zhizni?', *Vedomosti*, 20 November 2013.

<sup>23</sup> See Zubov, V. Inozemtsev, *op. cit.*, M. Trudolubov, 'Kak Rossiya zakhvatila sama sebya', *Vedomosti*, 25 October 2013.

<sup>24</sup> N. Zubarevich, *Ekonomicheskiy separatizm, op. cit.*

desire to profit from its vicinity to the rapidly developing areas of Asia and the Pacific, Uss has repeated Peter the Great's call to 'cut a window' not only through to Europe but also to Asia<sup>25</sup>.

In terms of social distinctiveness, a specific identity of Siberians can be defined, not linked to their ethnicity, but developed as a result of living in a severe climate and a sparsely populated area. Siberians are characterised by mutual solidarity, a tough character and physical vigour, as well as by a specific Siberian pronunciation, and even local dialects<sup>26</sup>. The region abounds in social initiatives highlighting Siberian identity and advocating for the extension of the region's autonomy: in 2010, prior to the all-Russia census, a 'True Siberians' social movement emerged in the region, which called for the indication of a Siberian nationality in the census; while the slogan 'Stop feeding Moscow!' regularly appears at rallies and in the rhetoric of local organisations such as Siberia's Regional Alternative<sup>27</sup>. The Siberian identity also translates into political attitudes; politicians who win the greatest support are those who have strong ties with the region, even though they often act under the banner of nationwide parties (regional parties are banned in Russia). The last elections to the Krasnoyarsk Krai parliament in September 2013 were won by the Patriots of Russia, a party that is marginal on a nationwide scale, but which is represented in the region by Anatoly Bykov, a popular regional businessman with a criminal past.

The region with the most expressive **ethnic specificity** (apart from the North Caucasus republics), from which it derives its identity and cultural distinctiveness, is **Tatarstan**, located in the Volga region. Tatars prevail in the ethnic structure of the republic (they make up 53.2% of the population, while Russians are 39.7%)<sup>28</sup>. Ethnic issues are an important aspect of the policy pursued by the region's government. In recent years the so-called 'Tatarisation' of the republic's administration has been noted, as initiated by the President of Tatarstan Rustam Minnikhanov, who replaced the republic's long-standing leader Mintimer Shaimiev in 2010. 'Tatarisation' is defined as the increase in Tatar-speaking politicians and officials in the republic's administration at the expense of Russian-speakers. The basis of this process, however, is not so

<sup>25</sup> Uss A., 'We have to make Siberia a territory of exceptional economic and social comfort, *The Siberian Times*, 11 October 2013.

<sup>26</sup> For details see <http://region.krasu.ru/node/84>

<sup>27</sup> See <http://altapress.ru/story/65280> and <http://www.youtube.com/watch?v=Xv5Bbep1sg4>

<sup>28</sup> [http://www.gks.ru/free\\_doc/new\\_site/perepis2010/perepis\\_itogi1612.htm](http://www.gks.ru/free_doc/new_site/perepis2010/perepis_itogi1612.htm)

much ethnic issues as clan and business ties, and the process itself is a result of a natural rotation following the change of the region's leader; Minnikhanov and his entourage have promoted their trusted associates, who mostly derive from Tatar-speaking villages and towns. Minnikhanov himself likes to demonstrate his ethnic and religious affiliation; he publicly speaks Tatar, and in 2013 he performed a *hajj* (a pilgrimage) to Mecca.

**The influence of Islam** is strong in the republic, and is considered as one of the main distinctions of Tatars' national identity. A large part of the Tatars are Muslim (Sunni), but their exact number is difficult to calculate, as censuses in Russia do not contain a question on citizens' religious beliefs. Currently approximately 1200 mosques operate in Tatarstan (in comparison to 300 Orthodox churches)<sup>29</sup>. Tatar-language literature (including religious writings) and *halal* products can be bought in many places. A non-state Russian Islamic University operates in the republic, educating muftis and Islamic theologians. The Volga region (and Tatarstan and Bashkortostan in particular) is also a site of activity by radical factions of Islamists, such as the Salafists (including some educated in the United Arab Emirates), for whom national identity is a secondary issue, and who instead promote the spread of Islam and the construction of a global caliphate, and take military actions aimed at representatives of moderate Islam. A radical Islamic party *Hizb ut-Tahrir* (banned by the Russian authorities) operates in Tatarstan, while the number of active supporters of radical Islam is estimated at about 3000<sup>30</sup>. The armed Islamic underground undertakes sporadic acts of terror, including against strategic economic sites and Orthodox churches<sup>31</sup>.

As mentioned above, Tatarstan enjoyed extensive autonomy in the 1990s. Even in the times of centralisation, its position *vis-à-vis* the centre is much stronger than that of most Russian regions. The Tatar leadership's relations with the Kremlin may recall the policy of the Chechen leader Ramzan Kadyrov, wherein numerous verbal declarations of loyalty to Moscow and providing good election results for the 'party of power' coexist with broad internal autonomy and efficient lobbying for expensive investments in the republic, which primarily

<sup>29</sup> See <http://www.tatworld.ru/anons.shtml>

<sup>30</sup> See Rais Suleymanov, *Regnum*, 9 January 2013, <http://www.regnum.ru/news/1611036.html>

<sup>31</sup> In November 2013, a petrochemical plant in Nizhnekamsk was machine-gunned; an Islamic militant who referred to himself as an 'Amir of Tatarstan' took responsibility for the attack in a speech on the Internet. Also, nine Orthodox churches were burned in the republic during the second half of 2013.

benefits the elite of the region (see section 2). Another indicator of Tatarstan's special position may be the fact that when pushing for the dismissal of Mintimer Shaimiev (who left in 2010 after 20 years of ruling the republic), the Kremlin left the decision on the successor to the outgoing president, while in many other regions Moscow imposed politicians lacking any connection to the local clans, and sometimes even those who had nothing to do with the region. Tatarstan's new president, Rustam Minnikhanov, is a politician from Tatarstan, an ethnic Tatar, and closely linked to Shaimiev by personal and business ties.

As in the case of Chechnya, the Tatars' distinctive ethnic and religious identity leads them to act **in defence of their national autonomy** (Tatarstan defends the teaching of Tatar language in its schools, despite protests by the Russian-speaking population<sup>32</sup>) and their **interpretation of history**. Tatars have succeeded in blocking interpretations of history they considered unfavourable when national history textbooks were being prepared for secondary schools. The draft textbook prepared by the Russian Historical Society, at the initiative of Vladimir Putin, has faced opposition not only from prominent Tatar scientists (starting with Rafael Khakimov, the head of the Academy of Sciences of Tatarstan) but also from politicians, such as Farid Mukhametshin, the head of the Tatar State Council, and even the former president Mintimer Shaimiev (who is now an advisor to the current leader). As a result, a term used in the first draft ('the Tatar-Mongol yoke') has been replaced by a more neutral formula, 'a system of dependence of Russian lands from the Horde khans'; while a Tatar poet Musa Cälil was included in the list of prominent people who have influenced the history of Russia<sup>33</sup>. On the other hand, Tatar history textbooks emphasise something which national textbooks overlook – the fact that in 1992 Shaimiev refused to sign the Federal Treaty put forward by Moscow, which is presented as a milestone in the development of Tatar national sovereignty and their future independence<sup>34</sup>. Tatar nationalist groups also organise an annual 'Tatar Nation Memory and Mourning Day', to commemorate the seizing of Kazan city by the troops of Ivan the Terrible in 1552.

<sup>32</sup> The Tatarstan State Council passed a negative opinion of the proposed amendments to the law 'On the languages of the Russian Federation peoples', which was aimed to give the Russian language the status of 'mother tongue' in all Russian regions; Tatars considered that this could lead to a reduction in the number of hours of teaching Tatar in their schools. See K. Antonov, 'Kak ne rodnoy', *Kommersant*, 26 September 2013.

<sup>33</sup> V. Khamrayev, 'Kulikovskuyu bitvu vyveli na rossiyskiy rynek', *Kommersant*, 25 September 2013.

<sup>34</sup> Oleg Kashin, <http://os.colta.ru/mediathek/details/21660>

Some Russian regions' distinctive location – such as the Kaliningrad oblast and the Primorsky Krai on the Sea of Japan – significantly affects the identity of their inhabitants and their elites' vision for the region's development.

**The Kaliningrad Oblast is a Russian exclave surrounded by EU countries;** this location affects the identity and mentality of its inhabitants. A previously dominant sense of uprootedness (the entire population of the region were immigrants) and isolation (the oblast was closed to foreigners due to its strategic importance) have now been replaced by a sense of **belonging both to Europe and Russia**. This change was caused by both a process of ongoing generational replacement (one-third of the current population was born in the region, and a large part of the remainder has been living there for a dozen years or more), as well as the Kaliningraders' mobility – they travel abroad much more frequently than the average Russian<sup>35</sup>. Their mobility was additionally boosted by the introduction of a local border traffic regime with Poland in 2012<sup>36</sup>, and in their perception the existing Schengen border with Poland has effectively become transparent; trips across the Polish border provinces have become commonplace, while travel to other Russian Federation regions is more time-consuming and expensive, as evidenced by a characteristic saying in Kaliningrad: 'I'm going to Russia'. The residents' openness to Europe translates into greater entrepreneurship and civic activity (such as a higher proportion of NGOs than the Russian average) and a different political culture – the election results for Vladimir Putin and the 'party of power' United Russia in the Kaliningrad region have been among the lowest in the entire country for years<sup>37</sup>. Kaliningrad was also one of the first regions to launch massive anti-government protests in January 2010, which resonated all over the country.

The awareness of their geographical distinction also affects the agenda of Kaliningrad's political and economic elites, even though they fervently deny that the region has any separatist inclinations<sup>38</sup>. The regional authorities have been seeking **travel facilitations** for years, which was partially fulfilled by the introduction of the local border traffic regime with Poland. The Governor Nikolai

<sup>35</sup> In 2011, Kaliningrad residents received a total of 215,000 visas issued by the consulates of the Schengen states, while in 2012 this figure was 260,000 (out of 955,000 inhabitants). Data provided by Poland's Consulate in Kaliningrad.

<sup>36</sup> Currently over 130,000 people have local border traffic travel cards (which entitle their holders to travel to Poland's border regions without a visa), and their number is steadily growing.

<sup>37</sup> A captive island..., *op. cit.*

<sup>38</sup> Interview with Governor Nikolai Tsukanov for the Regnum agency, 13 November 2013.

Tsukanov has repeatedly appealed for Kaliningrad to be made a pilot region for visa-free travel between Russia and the European Union. Kaliningrad's government and business are also interested in expanding economic cooperation with the EU, attracting foreign investments and participating in the EU aid programs (Northern Dimension, CBC and other). They have sought to create preferential investment conditions in the region, including in the Special Economic Zone, which would consider support for small and medium-sized enterprises (see section 2). A barrier to the region's attractiveness to investors is the **extensive areas of restricted access**: foreigners are not admitted to a 5-kilometer border zone and other areas covering a total of a third of the oblast's territory<sup>39</sup>. At the same time, the local elites are aware that they owe major infrastructural investments to Moscow, such as the modernisation of the railway to Moscow, the construction of a modern passenger port in Pionerskoye, the development of the Khrabrovo airport or the construction of roads (including Mamonowo-Grzechotki-Sovetsk) and bridges, funded from federal programs<sup>40</sup>. On the other hand, despite the endorsement of the federal programme for the Kaliningrad oblast by 2015, with planned investments amounting to \$600 million, no funds have reached the region so far.

**The Primorsky Krai with the capital in Vladivostok** is affected both by its peripheral position vis-à-vis the capital, and by its seaside location and proximity to developed or rapidly developing economies of Asia and the Pacific. The region itself suffers from its post-Soviet legacy – in the Soviet Union, Vladivostok was a closed military port and its industry was focused on the needs of the army (its shipyards produced ships for the Navy). The collapse of the USSR brought the collapse of the entire local industry, and unemployment soared. Currently business activity in the region is characterised by a high degree of criminalisation, which can best be seen in one of the most important branches of its economy, the **fishing industry**<sup>41</sup>. Since the 1990s this sector has witnessed the coalescence of the local authorities and criminal structures, as evidenced in the term 'fish mafia', identified with the former governor Sergei Darkin who created a specific criminalised network that survived even after his dismissal in 2012<sup>42</sup>.

<sup>39</sup> A captive island..., *op. cit.*

<sup>40</sup> N. Tsukanov, *op. cit.*

<sup>41</sup> As ascertained by the Federal Anti-Monopoly Service, 50% of income from fishing goes to the grey zone, and the price of fish has been inflated several times. Y. Skrynnik, 'FAS gluboko nyrnula', *Vedomosti*, 20 April 2011.

<sup>42</sup> N. Istomin, 'Primorskaya rybnaya mafiya ostayotsya na plavu', *The Moscow Post*, 18 October 2013.



The regional economy is strongly affected by the proximity of Asian countries: the Primorsky Krai is an **importer** of many categories of goods from Asia, such as electronics, cars, clothing and food. This trade is conducive to the development of small and medium businesses (especially in areas such as the import, sale and service of cars, and the clothing trade) and horizontal business networks. The residents of the region have repeatedly demonstrated their determination and ability to self-organise in defence of their interests whenever Moscow tried to strike at them. For example, in 2005 the federal government announced the introduction of a ban on imports of cars with the steering wheel on the right-hand side (cars imported from Japan make up approximately 90% of all passenger vehicles used in the Russian Far East). Mass protests broke out in the region, and many protesters tied orange ribbons to their cars, in a reference to the 'Orange Revolution' that was taking place in Ukraine at the time. These were some of the **first mass grassroots protests in Russia** since 2000; as a result, the government in Moscow gave up on the planned activities. In 2008, the federal government announced a sharp increase in duties on imported cars, which started another wave of protests in Vladivostok, organised by representatives of the automobile business, social organisations (including the regional civic organisation TIGR), with political parties joining later (the Communists). During these protests, harsh anti-government rhetoric and criticism of then Prime Minister Vladimir Putin appeared, which was a novelty by Russian standards<sup>43</sup>.

Just as in Kaliningrad, **discontent** has been manifested in the Primorsky Krai at the projects that the Kremlin launched in the region, such as the way in which the APEC summit was organised in Vladivostok in 2012, which cost the federal budget over \$20 billion. The location of the summit on the almost uninhabited Russkiy island was criticised as an idea that did not match the needs of Vladivostok city: a huge university campus was erected on the island, which was connected with the mainland by a giant bridge, and a big highway running to the airport (while no new road was constructed in the city itself). Controversy was also sparked by the low quality of the infrastructure constructed and the inflated costs, which was later confirmed by a report by the Accounting Chamber that accused the summit's organisers of embezzlement. As a result, the 'shot' of federal investment has not resulted in any modernisation of the infrastructure that the region needed most, and has not increased its investment attractiveness. The frustration of the Primorsky Krai's residents at Moscow's initiatives is also manifested in their voting during elections; the Krai is

<sup>43</sup> The slogans that were raised during the protests included 'Putler kaput', <http://www.news-vl.ru/vlad/2009/01/31/miting>

among the regions with the **lowest election results for Vladimir Putin and the 'party of power', United Russia**<sup>44</sup>.

Finally, a special place on the map of Russia is reserved for **Moscow**, which is a centre of **disproportionately high concentration of capital and human resources**, but also a spot with a specific social and political culture, clearly different from the rest of Russia. Moscow, especially within the limits of the so-called Garden Ring (*Sadovoye Koltso*, a circular ring road setting out the boundaries of the centre) is a distinctive island on the economic map of Russia. Most large Russian corporations are registered and maintain their headquarters there, and pay taxes to the metropolitan budget, even though their activity is often carried out thousands of kilometres away. Moscow tops the Forbes list of dollar billionaires living in a city<sup>45</sup> and is in the forefront of the world's most expensive cities (in 2013 it was second, according to Forbes). Moscow also outnumbers all other Russian regions when it comes to living standards –the average income of a metropolitan resident exceeds that in most of the remaining regions by several times<sup>46</sup>.

The excessive concentration of capital has translated into the rapid development of Moscow's economy, and constantly attracts the most active residents of other regions. Apart from higher living standards, the capital is characterised by a high percentage of educated people and a **well-developed social fabric**. When it comes to Moscow, we can say that Russia's traditional social attitudes of passivity, atomisation, lack of social trust and inability to take grass-roots initiatives have effectively been overcome here. Recent years have also shown that the residents of Moscow are in the vanguard in demonstrating **expectations for systemic changes**; for pluralism in the economy and politics; and for a democratic alternative to the current government. These new habits have started to affect the political sphere. So far, the most tangible results of Moscow's social and political 'awakening' have been massive street protests at the turn of 2011 and 2012, and the Moscow mayoral elections in September 2013, when the opposition candidate Alexei Navalny gained a surprisingly high

<sup>44</sup> In the recent parliamentary elections of 2011 in the Primorsky Krai, United Russia won 33% of the vote (with the average nationwide result being 49.5%), and in the city of Vladivostok it even lost to the communists. Details: J. Rogoża, 'Parliamentary elections in Russia: politics is back', 7 December 2011, <http://www.osw.waw.pl/en/publikacje/analyses/2011-12-07/parliamentary-elections-russia-politics-back>

<sup>45</sup> According to Forbes, 78 billionaires lived in Moscow in 2011, and according to the Chinese ranking of the Global Rich List in 2013 there were 76 of them in Moscow.

<sup>46</sup> RIA Novosti rating for the year 2013, [http://vid1.rian.ru/ig/ratings/life\\_2013.pdf](http://vid1.rian.ru/ig/ratings/life_2013.pdf), pp. 12-15.

result (over 27% of the votes)<sup>47</sup>. The characteristics of Navalny's social base (the younger generation of Moscow residents) and his novel election campaign may be one of the many manifestations of the development of a new social and political culture, based on a horizontal, bottom-up approach and decentralisation of power. Navalny's election programme also included appeals to decentralise Moscow's management and strengthen local councils.

The abovementioned regions are in the vanguard of those Russian regions that are interested in systemic changes, including the extension of their autonomy and the ability to benefit from their specific assets. Should the political circumstances become more favourable, they are likely to seek such changes more actively. However, it should be noted that in the scale of the entire Russian Federation, the regions that predominate numerically are the ones which are **indigent, resourceless, and devoid of a clear specificity** and identity. Examples of such regions in the European part of Russia are Kalmykia, Mordovia, Mari-El, the Oryol, Kostroma and Bryansk oblasts, and in the Asian part Tuva, Buryatia, the Zabaykalsky krai and the Amur oblast<sup>48</sup>. As a rule, these regions are economically underdeveloped and tend to see their only chance of improving their financial condition in aid from the central government. Their deep financial dependence upon the centre determines their supplicant position in relations with Moscow, who can only seek the increase of support in the form of grants and subsidies, in return for guarantees of loyalty to the Kremlin.

The societies in such regions are usually trying to deal with acute socio-economic problems, do not engage in grassroots social activity, and show little (if any) interest in politics. The lack of institutions for civic control and of independent media means that political processes, including elections at all levels, are far from competitive and transparent. The results of elections within such regions are in fact based on behind-the-scenes agreements (in the case of electing the head of the region, these arrangements include the opinion of the Kremlin), while during federal elections the regions' authorities do their best to provide good election results for candidates and parties associated with the Kremlin. In contrast to the previously described 'active' regions, the indigent and inertial ones are **uninterested in expanding their autonomy**, as it would involve the necessity of independently searching for new sources of

<sup>47</sup> J. Rogoza, 'Regional elections in Russia: Moscow versus the regions', 11 September 2013, <http://www.osw.waw.pl/en/publikacje/analyses/2013-09-11/regional-elections-russia-moscow-versus-regions>

<sup>48</sup> See footnote 46.

income, for which they are not prepared; they lack both natural competitive advantages (such as raw materials or attractive location) as well as habits of activity and entrepreneurship. Therefore, these regions are the backbone of the current 'asymmetric' model of relations between Moscow and the regions, but also of the wider system of government characterised by centralisation, lack of transparency and the top-down direction of important processes.

This enormous diversity, as evidenced by the description of the mentioned groups of regions, leads us to talk about a 'multi-speed Russia'. On the one hand, the Russian Federation has 'islands of activity' – large cities with higher living standards and distinctive specificity, a higher concentration of social capital, and a growing need for pluralism in politics and elections characterised by competition, where the 'party of power' and the Kremlin candidates traditionally gain lower results. On the other side of the scale are the numerically dominant, inert and indigent regions, financially and politically dependent on the centre, which are not interested in changing the existing model. Thus, the **social changes** observed in Russia along with the generational change, economic and technologic development, are distinctively **insular in nature**. Further confirmation of this point was provided by the abovementioned regional elections of 8 September 2013, which were held in most Russian regions, and once again showed **how much the individual regional societies differ in terms of their political activity, civic awareness and expectations of the authorities**.

## IV. FERMENT IN THE REGIONS

In some regions, dissatisfaction at the limits to their autonomy has existed in a latent form since the beginning of the policy of centralisation. Until recently, however, in the times of economic prosperity, the relations between the centre and the regions were based on the 'exchange of services' and were beneficial for both sides: the centre expected the regions to provide good election results and guarantee social stability (no protests or riots) on their territory, and in return Moscow distributed abundant income generated by energy resources, and left regional elites significant room for manoeuvre concerning local matters. However, these conditions have begun to change in recent years. Moscow's political control over the regional elites has been intensified, regional budgets have been seriously burdened with social obligations (see section 2), and some regions have lost control over their strategic assets to Moscow (Bashkortostan, Yakutia), which has weakened their bargaining position.

As a result, some regions have started to publicly express dissatisfaction with the Kremlin's policies. This discontent came to light at the turn of 2011 and 2012, when the announcement that Putin and Medvedev were swapping places was met with mass social protests in Moscow. For most of the political, economic and social players, Putin's return equalled the abandonment of a gradual evolution of the system of government, and a return to a policy of centralisation and 'direct control', as well as a strengthening of the institutions of force's position in the system. These prospects sparked unrest not only among active social groups and business circles, but also among the state administration, including a part of regional elites.

Dissatisfaction with the policy of the centre was publicly expressed by leaders of certain regions; those with a stronger economic position or distinctive specificity (such as the presidents of Tatarstan and Bashkortostan, and politicians from the Krasnoyarsk krai) and governors with a democratic background (such as Nikita Bielykh, the leader of the Kirov oblast). Sometimes the regions' dissent was not directly expressed by the local elites, but by affiliated political groups, media or loyal experts. The main subjects of discontent became the scope of the regional authorities' competences, the scale of financial burdens put on the regions, as well as the Kremlin's demand to 'boost' United Russia's electoral results when real public support for the party was in sharp decline. The current **division of powers** between the centre and the regions was openly criticised by the former president of Tatarstan, Mintimer Shaimiev (and a current advisor to the new president of Tatarstan; see section 3). Shaimiev

appealed for the role of the regions in the relevant decision-making processes to be strengthened, and accused the Kremlin of failing to respect the principle of separation of powers. Similar demands appeared in speeches by politicians from resource-rich Siberian regions, including Alexandr Uss, the speaker of the Krasnoyarsk Krai parliament. The presidents of Tatarstan and Bashkortostan, Rustam Minnikhanov and Rustem Khamitov, criticised the Kremlin's 2013 initiative concerning the withdrawal of direct elections for regional leaders (restored by Medvedev in 2012). The regions have also expressed dissatisfaction with the growing dependence on the central budget and additional financial burdens put on the regions by Moscow. The Kremlin's controversial initiatives (concerning international issues and moral aspects) have also been subject to disapproval, especially the law prohibiting US citizens from adopting Russian orphans; this was criticised by Kaliningrad governor Nikolai Tsukanov and the Kirov oblast's head Nikita Bielykh, among others.

The rise of discontent in the regions has also translated into the **decreasing efficiency of the Kremlin's 'electoral machine'**, which is based on regional administrations and so far has ensured good results for Kremlin-affiliated parties and candidates. In the parliamentary elections in December 2011, the 'party of power' United Russia gained 49.3% of the vote – almost 15 percentage points less than in the previous elections, and in a few large cities the party even lost to the communists<sup>49</sup>. Meanwhile, the media reported that before the election, the Presidential Administration tasked the regions with an informal command to ensure 65% of the votes for the party. The party's much lower electoral results may be thus seen as reluctance by the regional elites to take excessive risks in the face of the party's deteriorating image and dropping popularity, the ferment within the administration, and the activities of independent election observers, who were engaged in the election on a mass scale and recorded numerous violations.

Another sign of the regional elites' discontent with the political system imposed by the Kremlin may be the symptoms of erosion of the 'power vertical' (best seen in the example of United Russia) and the signs of **political pluralism** at the regional level. The first signals of this process were several splits within the party's regional structures, especially regarding the case of Yevgeny Ur-lashov, who left United Russia accusing the party of fraud, and in 2012 won the

<sup>49</sup> In St. Petersburg, United Russia gained 32.5% of the votes, in the Primorsky Krai 33%, and in the Kaliningrad oblast 37%. The party was even defeated by the Communists in Kalinin-grad, Irkutsk and Vladivostok. See section 3 of this text.

mayoral elections in Yaroslavl city. In some regions, alternative forces to the ruling camp started operating more actively. In the election of governor for Ryazan oblast, the incumbent head of the region faced serious opposition; during the campaign his opponent Igor Morozov, a member of the Patriots of Russia party, became a focus of the region's counter-elite. A precedent-setting situation occurred before the election of the governor for Bryansk oblast, where the incumbent Nikolai Denin, a member of United Russia, ran against Vadim Potomsky, a popular businessman associated with the Communists. After Potomsky filed a complaint during the campaign, the regional court excluded the incumbent governor from the election, which was a non-standard occurrence in Russian realities (Denin was eventually restored by Russia's Supreme Court and won the election, which can be regarded as the result of Moscow's intervention). In 2013, this trend continued; **several candidates from 'outside the system' achieved spectacular successes**: the popular social activist Yevgeny Roizman became the mayor of Ekaterinburg, the democratic politician Galina Shirshina, affiliated with the Yabloko party, became the mayor of Petrozavodsk, and opposition leader Alexei Navalny won a surprisingly high percentage of votes in the mayoral election in Moscow. Existing political and party arrangements in the regions have gradually begun to change; **personal exchanges between the parties have intensified**, some members of the regional *nomenklatura* have changed parties, and the entire process has been accelerated by the liberalisation of party legislation, introduced in April 2012, which significantly facilitated the registration of political parties. One of the greatest beneficiaries of this process is the Civic Platform party, established by the billionaire Mikhail Prokhorov<sup>50</sup>.

However, despite the symptoms of erosion of the Kremlin 'vertical', and discontent within the regional elites with their limited autonomy, one can hardly speak of the regions adopting a consolidated position on the systemic improvement of their situation, and nothing like a regional 'Fronde' exists. This is due to several factors:

- **The regional elites' limited instruments of influence on the centre.** While the Kremlin has extensive instruments of pressure on the regions,

<sup>50</sup> Civil Initiatives Committee report, 14 August 2013, <http://komitetgi.ru/analytics/788/#.Uiid5Zyyx1k>. Among the best known politicians who have joined the Civic Platform are Yevgeny Urlashov, now the former mayor of Yaroslavl (who had previously been a member of United Russia); Yevgeny Roizman, the mayor of Yekaterinburg, and Solomon Ginzburg and Konstantin Doroshok, well-known opposition MPs from the Kaliningrad oblast.

both legal and informal, the regions' instruments of leverage are mostly **informal** and relate to issues of a **limited scope**. Along with their departure from the Federation Council, the regional leaders have lost their influence on the Russian legislation at the federal level. Their current potential includes lobbying in the Presidential Administration, and (through selected Duma deputies) the Federation Council senators (who represent the regions at least formally) and regional business structures (for example, a large Tatar business lobby operates in Moscow). Some regions are also looking for ways to strengthen their lobbying potential; the Tatarstan government has signed an agreement with leading news agencies to have positive reports about the republic published. Moreover, **threats** (real or exaggerated) coming from some regions are regarded as one of the tools they can use to put informal pressure on Moscow and serve as arguments in efforts to obtain some concessions or increased funding. One example of this is the 2010 protests in Kaliningrad (one of the first massive protests in Russia after 2000), which were allegedly supported (implicitly and indirectly) by part of the regional administration. This was aimed to strengthen the feeling of the region's discontent with the policies of the Kremlin-appointed governor Georgy Boos. As a result, this Moscow-based governor was replaced by a politician from the region. The ethnic republics also seem to be exerting pressure on Moscow; Tatarstan and Bashkortostan have apparently been 'blackmailing' Moscow with the activity of radical Islamic groups on their territories, as well as with growing nationalist sentiments, and even the rise of regional 'separatism'<sup>51</sup>.

- **Thinking in terms of private interests** – the interests of their own region, and most often the interests of regional ruling clans. It is mainly independent experts who formulate the supra-regional objectives and strategies, while the political elites in the regions think in terms of the diverging interests of individual regions who have to compete with each other for the same pool of funds from the central budget, and this rivalry is a zero-sum game. But even within one region, the authorities do not so much seek favourable systemic solutions, as they pursue lucrative projects that would be 'managed' by structures associated with the regional administrations (see section 2, the case of Tatarstan).

<sup>51</sup> In the opinion of pro-Kremlin experts, this 'blackmail' of the ethnic republics is manifested in the activity of illegal Islamic organisations, including numerous attacks on representatives of moderate Islam, or parades through the streets of Kazan of columns of cars with flags of the radical Islamic party Hizb ut-Tahrir. More in R. Suleymanov, *op. cit.*



- **The inability to consolidate at the level of regional elites.** Russia lacks a public platform for debates on the regional policy. The main barrier for regional consolidation, or even for launching a public debate on the relationship between the centre and the regions, is the attitude of the Kremlin, which opposes any decentralisation of power and bandies about concepts such as the ‘threat of separatism’ and the ‘menace of Russia’s disintegration’. Another factor uncondusive to any consolidation and elaboration of common demands is the attitude of the governors themselves. The absolute majority of the current heads of regions are not politicians in the full sense of the term; they are the Kremlin’s appointees, with no habits of public policy and no ability to think in terms of the public interest and the common good. This problem is additionally exacerbated by a wider social problem in Russia, namely social atomisation, a lack of mutual trust and the habits of coordinating collective initiatives.

## V. MONOCENTRISM STRIKES BACK

Vladimir Putin's return to the Kremlin in May 2012 was a turning point that separated the more liberal (in form) rule of President Medvedev from another stage of the centralisation policy which Putin re-launched. This policy was partly a response to unrest within the elites and society, including some 'slackness' in the regions, the measurable effect of which was United Russia's weaker electoral results in 2011. Putin's policy has resulted in the reorganisation of the Kremlin's regional policy, both in terms of its content, as well as its personal and structural composition.

The attempt to strengthen control over the regions and over the entire domestic policy has entailed **personnel changes and the reorganisation** of the Presidential Administration. Vladislav Surkov, the previous regional policy strategist, has been marginalised; his strategy concerning the regions and the entire domestic policy was considered ineffective, as it had failed to prevent the emergence of open discontent against the Kremlin in the society, regional and business elites. Surkov's role was taken over by the deputy head of the Presidential Administration, Vyacheslav Volodin, who has a reputation as a loyal executor of Putin's orders and an advocate of 'direct control' methods. Volodin has reorganised the Presidential Domestic Policy Directorate and replaced Surkov's people with his own *protégés*. The Directorate was expanded: the two divisions previously dealing with regional policy have been multiplied to six. One of them, responsible for the overall strategy of regional policy, was headed by Alexei Anisimov, a deputy head of Vladimir Putin's election staff in the last presidential election<sup>52</sup>. These structural changes have also strengthened the subordination of regional administrations; at the level of federal districts and the regions, domestic policy departments were established (or expanded), modelled on the structure of the Presidential Administration (in many regions they were headed by deputy governors). The work of United Russia's regional branches was supported by more recognisable politicians sent from Moscow headquarters<sup>53</sup>.

The role of presidential plenipotentiary representatives in the federal districts has been marginalised, and many of them have been replaced<sup>54</sup>. In 2012 the

<sup>52</sup> For details see *Administratsiya Prezidenta zavershila reformu upravleniya vnutrenney politiki*, <http://www.lenta.ru>, 15 March 2012.

<sup>53</sup> M. Tirmaste, 'V regiony spustili vnutrennyu politiku', *Kommersant*, 4 June 2012.

<sup>54</sup> The most interesting nomination was the appointment of Igor Kholmanskikh as a presi-

Kremlin also initiated an ongoing replacement of those regional leaders who were considered ineffective (such as the governors of the Stavropol and Zabaykalsky kraia and the Omsk, Magadan, Vladimir and Ivanovo oblasts), or those who were considered Surkov's *protégés* (such as Mikhail Yurevich, the governor of Chelyabinsk oblast). The departure of governors appointed during Medvedev's presidency, such as Nikolai Tsukanov (Kaliningrad), Nikolai Ignatiev (Chuvashia) and Igor Orlov (Archangelsk oblast), is also expected. In addition, the Kremlin has tightened its control over regional security agencies: in November 2013 Putin initiated the process of subordinating regional prosecutors directly to the president (before they had been appointed by the Prosecutor General of Russia)<sup>55</sup>.

The Kremlin is pursuing a dual strategy concerning the regional elites. On the one hand, this involves demonstrations of concessions to the regions, i.e. the **restoration of formal democratic procedures**, and on the other hand, it introduces rigorous methods of control over those new procedures, which distorts their impact almost completely. As a result, the **concessions introduced by Moscow appear to be just an empty gesture**. The decentralisation and the transfer of some competences to the regional level, as announced by former President Medvedev and prepared by two government working groups (led by deputy PMs Kozak and Khloponin) have ultimately brought no results. The restoration of general elections to the posts of regional leader (under the act of 1 June 2012) has been subject to so many blocking mechanisms<sup>56</sup> that Moscow is still able to maintain the control over the election process as early as the stage

dential plenipotentiary representatives in the Ural Federal District. Kholmanskikh, a tank factory engineer from Nizhny Tagil, is best known for his statement during the mass anti-Putin demonstrations in Moscow in 2011; in front of television cameras he offered to come to Moscow with his co-workers and 'teach the protesters a lesson'. Also, two representatives associated with Medvedev and Surkov have been replaced: Nikolai Vinnichenko (North-Western Federal District) was replaced by the FSB officer Vladimir Bulavin, and Oleg Govorun (who managed the Central Federal District for a year) was replaced with the St. Petersburg-based Alexandr Beglov.

<sup>55</sup> In October 2013, Putin submitted a draft constitutional law to the Duma that extends the president's powers; the project entails the president's right to appoint and dismiss not only the Prosecutor General (as is the case at the moment), but also his deputies and regional prosecutors.

<sup>56</sup> The main mechanism of the Kremlin's control over the election of regional leaders is the so-called 'municipal filter', i.e. the requirement for the candidates to collect signatures from 5 to 10% of councillors in 75% of all local municipalities in their area. The executive branch's control over the councillors makes it virtually impossible for the opposition candidates to meet this requirement, as evidenced by the fact that even in Moscow Alexei Navalny was unable to collect the required number of signatures, and had to accept the assistance of his main rival, the incumbent mayor Sergei Sobyanin.

of the candidates' registration. In addition, the Kremlin freely uses its right to dismiss governors, which makes it possible to hold early elections and appoint the candidate it supports as acting head of the region until the elections. This fossilises the principles from the times when governors were *de facto* appointed by the Kremlin: **regional elites seek the support of the Kremlin** to a far greater degree than the support of regional groups and societies. At the same time, it almost completely wrecks any real political competition at the regional level<sup>57</sup>. As a result, **in most cases the 'new' practice of electing regional governors is no different from the 'old' practice of their appointment by the president**. Moreover, the effect of this change has been further weakened by the amendment adopted in April 2013, at the initiative of President Putin, that offers the regions the possibility to abandon the procedure of electing the governor and restore the procedure of his appointment by a regional parliament upon the nomination of the Kremlin (so far, this procedure has been restored in Dagestan and Ingushetia).

Several other **amendments to the regional electoral legislation**, sometimes presented as a sign of democratisation, were merely attempts by the Kremlin to adapt to changing social and political conditions. The increase in November 2013 of the share of deputies elected in single-member constituencies from 50 to 75% was mainly due to the decline in support for the pro-Kremlin United Russia party. The amendment to the party legislation, which came into force in April 2012 and significantly simplified the registration of new parties, was, surprisingly, also beneficial for the government, as it has resulted in an enormous increase in the number of parties, most of which are marginal. Some of them, due to a similarity of names, 'stole' votes from opposition parties in the elections (such as the newly formed Communists of Russia and the CPSU, which took away several percent of the votes from the 'official' Communist Party of the Russian Federation in several regions). Moreover, the participation of these parties (in Russia they are called 'spoilers') in elections has contributed to the dispersion of votes and the inability of most of the parties to cross the election threshold. During the process of distributing seats, these 'lost' votes would be taken over by the elections' favourite – in this case, United Russia<sup>58</sup>.

<sup>57</sup> An exception to this rule was the elections for mayor of Yekaterinburg, won by Yevgeny Roizman, an independent local candidate opposed to the Sverdlovsk oblast governor Yevgeny Kuyvashev. However, the powers of the mayor in this city are very modest and limited to representative functions (economic issues are managed by a hired city manager); moreover, it can be assumed that Moscow most likely consciously decided not to block Roizman in order to 'discipline' the governor Kuyvashev.

<sup>58</sup> In the regional elections on 8 September 2013, approximately 30-40% of the votes were cast

Another manipulation made in the interest of the government was to schedule regional elections for the second Sunday of September – on the one hand, it made it more difficult for the opponents to prepare their election campaign (which took place during the holidays), and on the other it decreased the turnout, which in Russia is traditionally considered to be conducive to the authorities' manipulations of the electoral results.

Another formal tool to control the regions is the **expanded mechanism for verifying** the regional elites' work. Under Vladimir Putin's decree of January 2013, the procedure of the governors' dismissal was extended; the right to demand this dismissal was granted to federal government ministers, who are often critical of the regions (for example, the Minister of Finance regularly criticises the regions for the lack of fiscal discipline); the final decision to dismiss the head of the region remains the president's prerogative. The list of criteria measuring the effectiveness of regional leaders, which was prepared by the Presidential Administration, includes the implementation of presidential decrees and the region's ethnic and religious stability<sup>59</sup>. In October 2013, the Duma passed a law making the regional and local authorities responsible for the prevention of ethnic conflicts in their regions<sup>60</sup>. This exposes the regions to further criticism from Moscow in a situation of rising ethnic tension in Russia, even though the source of this problem is to a great extent the policy of the centre (including the unregulated principles of migration, and an extensive grey zone of illegal migrant labour).

In the economic sphere, Moscow's strategy towards the regions is based on **increasing their socio-economic obligations**, a move which has **shaken the stability of their budget systems** and **reinforced the model of 'direct control' from the centre**. President Putin's decrees of 7 May 2012 burdened the regional budgets with the need to raise salaries in the budget sector, which increased their spending by 5%. This requirement has not been compensated by equivalent transfers from the central budget. The regions' income has also decreased due to the economic slowdown, which has led to the reduction of taxes collected, including income tax (the share of taxes in the regions' income fell from 28% to 22% over the period 2008-2013). As a result, the deficit of regional

for parties that did not cross the threshold, which contributed to the improvement in the performance of the elections' favourite, United Russia: after the final distribution of seats the party gained an average of 77%. J. Rogoża, 'Regional elections in Russia', *op. cit.*

<sup>59</sup> [http://www.minregion.ru/upload/documents/051113/051113\\_794.pdf](http://www.minregion.ru/upload/documents/051113/051113_794.pdf)

<sup>60</sup> <http://www.regnum.ru/news/polit/1720890.html>

budgets more than doubled in 2013, reaching \$22 billion; **two-thirds of regional budgets currently have a deficit**<sup>61</sup>. This trend will continue in 2014; the cost of salary increases for public sector employees for regional budgets will rise by 7%, and in some regions by up to 10%. The regions' income has additionally been reduced by the central authorities' tax policy; the centre grants numerous tax reliefs to large corporations which operate in Eastern Siberia and the Far East, mainly concerning taxes that go to regional budgets (income tax, land and real estate tax). Incidentally, no rebates are granted for the taxes that are directed to the federal budget (such as the Mineral Extraction Tax).

Due to the shrinkage of revenues, the regions have assigned a major share of them for current liabilities, while a **great deal of investments, including in infrastructure, have been cut**. This problem now concerns not only the least developed regions, but also the industrialised ones, such as the Chelyabinsk, Sverdlovsk and Irkutsk oblasts. The deterioration of the financial situation in the regions has forced the regional governments to make unpopular cuts in social spending; closing schools and hospitals in smaller towns, and reducing the scope of free benefits<sup>62</sup>. Moscow in turn is using this for propaganda purposes; the centre blames the regional authorities for the liquidation of social infrastructure and an increase in municipal tariffs. Despite the reduction of their investment plans, the regions become further indebted as they have to cover the expenditure resulting from the presidential decrees of 7 May 2012, which requires incurring further loans. In 2013, 28 regions issued bonds to mend their financial situation, although these do not always enjoy sufficient demand, since they have to compete with the federal bonds and those issued by state-owned companies.

The central authorities' decisions have disturbed the stability of regional budget systems, which strengthens the mechanism of direct control from Moscow. The central authorities are seeking to maintain their control over regional spending, and assign financial aid in the form of subsidies for specific purposes, such as the implementation of federal target programs, specialised medical assistance, equipment for sports centres, the implementation of energy

<sup>61</sup> In the first half of 2013, the income tax raised fell by 20%, and transfers from the federal budget fell by 15%. The average debt of regional and local governments in September 2013 exceeded 25% of their income. See N. Zubarevich, 'Chetyre Rossii: Chto dalshe', *Vedomosti*, 24 September 2013.

<sup>62</sup> This reduction affects selected specialisations: for example, schools fire child psychologists, speech therapists, music teachers, etc. N. Zubarevich, 'Chetyre Rossii na odnoy territorii', *Novaya Gazeta*, 18 November 2013.

efficiency programmes, the organisation of sporting events, economic forums, etc. At the same time, the decisions on how these funds are allocated by the centre are far from transparent, which reinforces the **arbitrary nature of Moscow's support for the regional budgets.**

Along with its legislative tools, the Kremlin has a wide range of instruments for putting **informal pressure** on regional governors or city mayors, such as involving the **institutions of force** or wielding **corruption allegations**. The campaign of harassment against officials and (also regional) politicians, intended to discipline them and conducted under anti-corruption banners, was reinforced following Putin's return to the Kremlin. The most outstanding example in this context is the case of Yaroslavl city; as already mentioned, the mayor elections in the city in 2012 were won by an opposition politician, Yevgeny Urlashov, who had left United Russia and run a campaign critical of the party and the Kremlin, and after his victory completely replaced the city managing team. In response, Moscow first applied economic sanctions to the city (Gazprom cut off gas supplies to the city's heating plants and the residents were deprived of hot water), and in July 2013 Urlashov was arrested over corruption allegations and still remains in custody. So far, the harshest sentence for a crime of corruption against a regional politician was a sentence of nine and half years in a penal colony for the former governor of Tula oblast, Vyacheslav Dudka. The campaign continues, and one of its most recent victims is the former mayor of Astrakhan, Mikhail Stolyarov, who was arrested in November 2013.

The reactivation of the policy of centralisation following Vladimir Putin's return to the Kremlin has further strengthened the system of the regional elites' dependence on the centre. It implies the Kremlin's strict political control over the election and activity of regional elites, and further limits their room for manoeuvre in the financial sphere. This intensifies **bilateral pressure on regional elites** who have increasing difficulties balancing between the demands of the centre and the growing dissatisfaction of regional businesses and societies (whose social situation is deteriorating). While in the short term, this 'grip' weakens the assertiveness of regional elites and forces them to be loyal to the Kremlin, in the long run the policy of hyper-centralisation increases the risk of rising discontent, which may quickly find a vent if the central government weakens. Moreover, this model of relations is not conducive to the efficiency internal development of the regional economies, as evidenced by the steadily decreasing number of donor regions and the growing indebtedness of regional budgets. Analysis of the Russian ruling elite's priorities suggests that

this inefficiency is the cost that the Kremlin is willing to pay for ensuring the regional elites' loyalty and obedience. However, this system can only continue when the financial situation of the central budget is sound and the inflow of funds is constant, which would make it easier to mask the inefficiency of this management model.



## VI. PROSPECTS: DECENTRALISATION AHEAD (BUT WHAT KIND OF DECENTRALISATION?)

Due to Russia's legal and institutional weaknesses, the relations between the centre and the regions are only governed by the constitution and formal laws to a certain extent, and are **heavily influenced by political, economic and social conditions**, as well as the personal circumstances of the ruling team, which makes them **cyclical by nature**. This latter point is illustrated by the transition from a personalised 'negotiated federalism' from the 1990s with the focus on the influential regions, to the hyper-centralisation launched in the next decade, when the scales tipped toward the centre. This change in the centre/regions relations was mainly brought about by personal and political factors related to the change in Russia's leadership and the economic boom, while the legal issues were treated instrumentally; they did not so much lead to the changes as they sanctioned them *post factum*. Therefore, it is worth stressing that the current form of relations between Moscow and the regions is not immutable, permanent and final either; and the **key factor that could initiate change is the situation in the ruling camp of the federal elite**.

Currently, Russia seems to be **preparing to face the next cycle**, as there are signs of changes in conditions relevant for the stability of the central government. On the one hand, the **economic situation** is becoming more complicated; Russia is entering a period of stagnation, which in terms of social and economic consequences may be more severe than the crisis of 2008-2009<sup>63</sup>. This has brought the Kremlin up against the prospects of declining revenues, and will impose spending cuts at both federal and regional levels<sup>64</sup>. Other problems include the deteriorating effectiveness of management and rampant corruption, which **makes the Russian economy extremely capital-intensive**; even the current high prices of raw materials are no longer sufficient to ensure Russia an adequate GDP growth<sup>65</sup>. These economic problems may result

<sup>63</sup> N. Zubarevich, 'Chetyre Rossii na odnoy territorii', *op. cit.*

<sup>64</sup> The draft budget for 2014 entails cuts in social spending, as well as expenditure on education, health, culture and other spheres, for the first time in years. For details see E. Fischer, 'Projekt budżetu federalnego na rok 2014 - cięcia zamiast reform', 2 October 2013] <http://www.osw.waw.pl/pl/publikacje/analizy/2013-10-02/projekt-budzetu-federalnego-na-rok-2014-ciecica-zamiast-reform>

<sup>65</sup> In 2013, the average annual price of a barrel of Urals oil amounted to US\$105, and GDP growth reached only 1.3% (it had originally been estimated at 3.7%); in 2012 GDP growth totalled 3.5%. Data from Rosstat and the Ministry of Economic Development, quoted by V. Inozemtsev, 'Ne budet ni defolta, ni rezkoy devalvatsii. No zhyt pridyotsya tugo', *Komsomolskaya Pravda*, 3 December 2013.

in numerous systemic, political and social consequences: the exacerbation of disputes within the ruling elite over dwindling resources, crises in different spheres exposing the inefficiency of the management model, rising social discontent and accelerating decline in support for the ruling camp.

The **weakening of the ruling elite's legitimacy** is another key factor that will tend to develop in the coming years, despite successive demonstrations of power by Vladimir Putin. Apart from economic issues, many durable and long-term factors contribute to this weakness (albeit increasing gradually as yet): the emergence of new groups in Russian society whose interests and vision of the state systemically contradict the interests of the current leadership; a growing feeling that the Kremlin's vision of a centralised, statist country is less and less congruent to Russia's needs; fatigue at the unchanging composition of the elite; the divergence of interests between the narrow ruling camp and a growing number of groups in business and state administration. Expectations for political change in Russia were signalled by the protests at the turn of 2011 and 2012, by political ferment in the Kremlin's base, and by the erosion of support for the 'party of power', United Russia. After Putin's return to the presidency in May 2012, this unrest has been largely silenced, the loyalty of many groups forced, and the mobilisation of the opposition weakened. However, the restoration of the *status quo ante* seems temporary and fragile, and the cost of maintaining it is growing: the Kremlin's policy of blocking any change involves the constant use of force and resources, and in addition it creates new groups of malcontents, including within the state administration, which in the long run is a risk factor for the cohesion of the ruling team and the stability of the system of government.

The prospects of the central government weakening are likely to intensify the efforts of the regions – especially the more affluent ones, with a distinctive character and greater ambitions – to modify the current model of relations, which they consider unjust and unfavourable to their development. The turning point may come when the weakness or ineffectiveness of the central government *vis-à-vis* the regions is exposed, for example, when Moscow has a problem providing support for loyal regional actors, or using effective sanctions in case of insubordination. However, the high degree of de-institutionalisation in centre/regions relations makes it difficult to predict what the exact course of this process and its ultimate form could be. It may take the form of a **chaotic process of disintegration** of the current (largely informal) principles and practices. Personal factors will also play an important role in shaping a new model, both in Moscow and the regions.

It can be forecast that the likelihood of a further decline in the legitimacy of the ruling elite will increase the possibility of changes in the relationship between the centre and the regions within the next decade. **This change, however, would not be equal to the creation of foundations for a fully-fledged federal model**, the one that would entail the strengthening of institutions, including the development of self-governance, and the role of society as a subject in politics. Instead, this change may signal the transition, in a modified form, to a model reminiscent of the 1990s: decentralised yet heavily personalised, and arbitrary in nature, serving the short-term interests of the regional ruling clans. This would replicate a flawed federal system of government on the regional level, and could lead to the formation of new regional satrapies. The probability of this scenario is increased by a number of conditions: the regional ruling groups lack democratic habits (the formal restoration of general elections to governorships changed nothing in this respect) and strategic thinking (the hyper-centralisation policy has only deepened the incapacitation of regional elites by the centre). At present, in most regions one may question the very *existence* of regional 'elites' in the full sense of the word<sup>66</sup>. Moreover, most regions lack real separation of powers, developed societies and institutions like a stable party scene, independent judiciary, or free media. Even if the central authority weakens and new principles of relations with the regions are negotiated, these negotiations may prove to be another behind-the-scenes bargain between a federal ruling camp focused on saving its own skin and the regional politicians, guided by the interests not so much of their regions as of their own clans. As a result, a possible systemic evolution may lead from the disintegration of the current, centralised and hierarchical model to another form of deformed federalism, with Russia stuck within a vicious circle of centralisation and regional 'parades of sovereignties'.

**JADWIGA ROGOŻA**

<sup>66</sup> Zakharov, *op. cit.*, p. 106.

**Map 1. Russian Federation – administrative division**



**Cities of federal importance**

- Moscow – 1
- St. Petersburg – 2

**AUTONOMOUS OKRUGS**

- Khanty-Mansi Autonomous Okrug – 3
- Chukotka Autonomous Okrug – 4
- Yamal-Nenets Autonomous Okrug – 5
- Nenets Autonomous Okrug – 6

**AUTONOMOUS OBLASTS**

- Jewish Autonomous Oblast – 7

**KRAIS**

- Altai Krai – 8
- Khabarovsk Krai – 9

- Kamchatka Krai – 10
- Krasnodar Krai – 11
- Krasnoyarsk Krai – 12
- Primorsky Krai – 13
- Perm Krai – 14
- Stavropol Krai – 15
- Zabaykalsky Krai – 16

**REPUBLICS**

- Republic of Adygea – 17
- Republic of Altai – 18
- Republic of Bashkortostan – 19
- Republic of Buryatia – 20
- Republic of Khakassia – 21
- Chechen Republic – 22
- Chuvash Republic – 23

- Republic of Dagestan – 24
- Republic of Ingushetia – 25
- Republic of Sakha (Yakutia) – 26
- Kabardino-Balkar Republic – 27
- Republic of Kalmykia – 28
- Karachay-Cherkess Republic – 29
- Republic of Karelia – 30
- Komi Republic – 31
- Republic of Mari El – 32
- Republic of Mordovia – 33
- Republic of North Ossetia – 34
- Republic of Tatarstan – 35
- Republic of Tuva – 36
- Udmurt Republic – 37



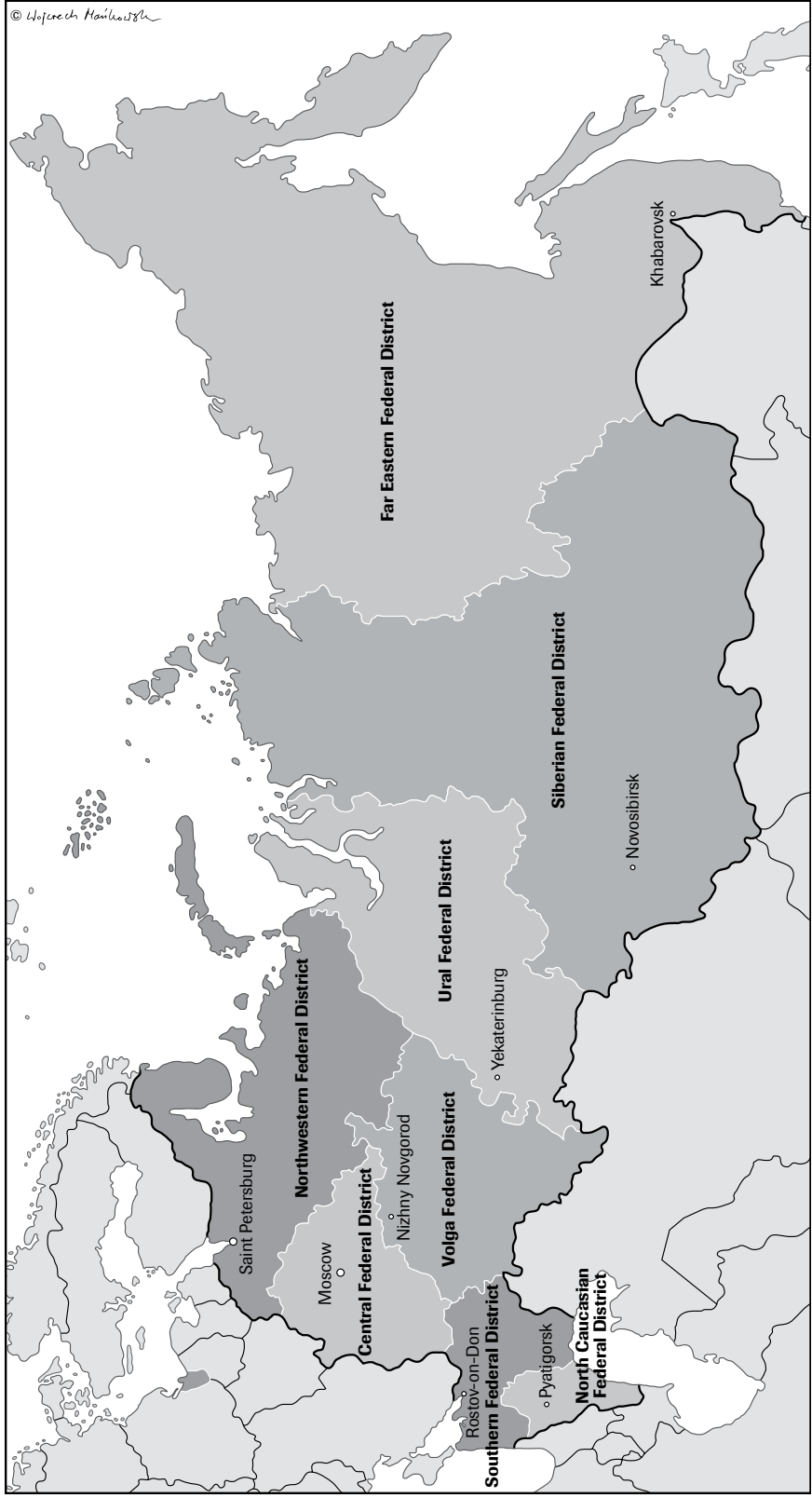
**OBLASTS**

- Amur Oblast – 38
- Arkhangelsk Oblast – 39
- Astrakhan Oblast – 40
- Belgorod Oblast – 41
- Bryansk Oblast – 42
- Chelyabinsk Oblast – 43
- Irkutsk Oblast – 44
- Ivanovo Oblast – 45
- Yaroslavl Oblast – 46
- Kaliningrad Oblast – 47
- Kaluga Oblast – 48
- Kemerovo Oblast – 49
- Kirov Oblast – 50
- Kostroma Oblast – 51
- Kurgan Oblast – 52

- Kursk Oblast – 53
- Leningrad Oblast – 54
- Lipetsk Oblast – 55
- Magadan Oblast – 56
- Moscow Oblast – 57
- Murmansk Oblast – 58
- Nizhny Novgorod Oblast – 59
- Novgorod Oblast – 60
- Novosibirsk Oblast – 61
- Omsk Oblast – 62
- Orenburg Oblast – 63
- Orel Oblast – 64
- Penza Oblast – 65
- Pskov Oblast – 66
- Ryazan Oblast – 67
- Rostov Oblast – 68

- Sakhalin Oblast – 69
- Samara Oblast – 70
- Saratov Oblast – 71
- Sverdlovsk Oblast – 72
- Smolensk Oblast – 73
- Tambov Oblast – 74
- Tyumen Oblast – 75
- Tomsk Oblast – 76
- Tula Oblast – 77
- Tver Oblast – 78
- Ulyanovsk Oblast – 79
- Vladimir Oblast – 80
- Volograd Oblast – 81
- Vologda Oblast – 82
- Voronezh Oblast – 83

Map 2. Federal districts of Russia



**Map 3. Russian Federation – the donor regions**

