

Analysis

The New Russian-Tatar Treaty and Its Implications for Russian Federalism

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Summary

When the Duma ratified a new bilateral treaty delimiting responsibilities between Russia's federal executive branch and the Republic of Tatarstan, the end of federal measures weakening the power of the regions seemed to be at hand. The treaty secured a number of important privileges dating back to the Yeltsin era for Tatarstan's regional elite. However, on February 25 the Federation Council, the upper house of the national parliament, rejected the bilateral treaty in unexpected fashion. The fallout from this decision is still unclear. But rare disagreement among Putin-era federal institutions highlights the current lack of a long-term concept for federal reforms. The present stalemate may mitigate open conflict between the center and the regions in the election period 2007–2008, but it will not help the federal government achieve the core task of its federal reform – the creation of stable, formal relations that are independent of individual clientelistic networks.

Securing Tatar Autonomy in the 1990s

In the early 1990s, the Russian regional political elites exploited the weakness of the federal center under President Boris Yeltsin to expand their own influence. Most importantly, they managed in the mid-1990s to enforce the election of regional political leaders by the population or – in a few cases – their appointment by the regional parliament. In this way, the regions selected their leaders independently of the federal center.

Additionally, some regions, with the Republic of Tatarstan in the lead, managed to negotiate special relations with the federal government. Talks between the Russian Federation (RF) and Tatarstan concluded on February 15, 1994 with the signing of a basic treaty on the delimitation of responsibilities between the executive organs of the two entities, in which the federal center confirmed the “special status” of this region. The treaty text called for it to remain in force for ten years. The regional political elite won de facto permission to act independently of the federal center. Subsequently, the Tatar government accrued additional responsibilities and authorities for itself. For example, it won the right to determine the personnel policies not only of the Tatar administration, but also of the federal agencies operating on its territory. Additional bilateral agreements between the center and Tatarstan gave the latter property rights to the republic's natural resources and real estate, as well as control over the regional industrial complex. The Tatar government thus disposed of the oil and natural gas extracted on its territory, and had the right to collect its own taxes as well as a large share of the export profits derived from these products. By introducing its own privatization vouchers and excluding regional companies from

federal auctions, Tatarstan's administration secured control of the regional economy. In early 2000, about 65 percent of the region's wealth was under the control of the governing political elite, which thus also constituted the region's economic elite.

The basic treaty of 1994 fostered increasing cooperation between the regional and federal governments. Tatarstan President Mintimir Shaimiev and Russian President Boris Yeltsin agreed on an informal pact that provided for non-interference by the federal government in the politics of the region. On the other hand, it secured the regional administration's support for the Russian leadership, demonstrated by the strong results achieved by the federal pro-presidential party in Tatarstan in the national elections of 1995 and 1999.

The treaty became the paradigm for other regions, which also sought to win preferential treatment through bilateral negotiations with the center. At the same time, the federal government was able to prevent the regions from joining in collective bargaining over their interests. By July 1998, a total of 46 bilateral basic treaties had been signed between the center and the individual regions. Approximately 100 further bilateral treaties regulated specific aspects of mutual relations. Accordingly, Yeltsin's federalism spawned an unchecked deregulation of authority and gave rise to increasing differentiation between the regions.

Regional Power Relations in Tatarstan

The political confusion of 1993–4 gave Tatarstan President Shaimiev freedom of action in domestic affairs. On the one hand, he brought the ethno-national groups under his control. On the other, he excluded the democratic federal forces from the re-

gional political system. As a result, the regional elite was dominated both politically and economically by a group close to the republican president and his family. Close relatives and friends of the president were appointed to key positions in the regional administration and in local companies. About 90 percent of the regional elite was recruited from the Soviet *nomenklatura*, with 60 percent of top politicians even retaining the same positions that they already had during the Soviet era. According to a study of ruling groups in Tatarstan, ethnic Tatars made up 80 percent of the governing elite in 2003. The majority of ruling politicians was of rural descent, between 40 and 60 years old, and had completed a degree in higher education, mainly in the agricultural sector.

As a result, the region's political and economic actors alike are at least informally beholden to Shaimiev. His control over the regional administration's policies is largely unchallenged. Regional politics are based on informal networks that undermine the formal channels of decision-making without abolishing them altogether. The region's political elites benefit from their informal control of the economy, both in their role as representatives of the state, via tax revenues and their ability to shape the region's economic development, and personally, by securing power and financial enrichment for themselves. To this end, political actors take on functions in regional companies in order to steer them according to their own interests.

The highly personal, informal character of policy-making means that the formal significance of a position does not correspond to the true decision-making power of the incumbent. In this way, the key actors around Shaimiev have been able to accumulate a degree of authority that they are not formally entitled to, and to secure functions in other influential positions, such as in the business sector.

A good example is the regional petroleum industry, which is amalgamated under the vertically integrated Tatneft corporation. Tatneft played a key role in the conflict with the center over regional autonomy. With its annual production of 24 million tons of oil, the company is Russia's fifth-largest petroleum producer, contributing about 7.7 percent of the country's total output. About 50 percent of the regional budget's income consisted of tax revenues from the regional oil industry. The representatives of the regional administration hold a "Golden Share" that gives them a veto right in shareholder and board meetings, and the Tatar prime minister is the chairman of the board. By exerting direct control over the company's management, the regional administration directs Tatneft's corporate strategy.

In this way, Tatneft became an instrument of regional economic policy. For instance, the company profits were used to foster the regional economy, effectively forcing Tatneft to finance the regional budget and to subsidize parts of the regional economy, especially the agricultural sector that is home to the large majority of Tatar political elites. Furthermore, Tatneft profits were used to pay for and organize advertising campaigns for political organizations. At the same time, external economic actors that could not be controlled by the regional administration, including Russian oil major Lukoil, were prevented from accessing the Tatar market.

Putin's Federal Reform

Starting in 2000, however, Russian President Vladimir Putin inaugurated a policy that aimed primarily to weaken the position of the governors, taking away many of their powers and forcing the regions into submission to the federal government. The first step, begun in early 2000, was the adjustment of regional laws to bring them into accordance with higher-standing federal law. In the course of this process, many of the privileges enjoyed by the regions were overturned, since they violated federal law. The bilateral treaties between the center and the regions were also largely abolished. Between 2001 and 2002, 28 bilateral treaties were annulled. As a result of changes to the federal law regulating the organization of the regions' legislative and executive branches in 2003, the remaining bilateral treaties lost their power. Since then, new bilateral agreements between the federal center and the regions have been subject to approval by the national parliament. As a result no bilateral treaties are in force at the moment.

The next step towards strengthening the position of the center at the expense of the regions was the reorganization of the Federation Council in June 2000, ending the direct participation of the governors in the political processes at the federal level. Among the further steps towards restricting regional autonomy were the establishment of seven new federal districts and the granting of wide-ranging, though vaguely defined, authority to the president's envoys in these districts. In September 2004, the political role of the governors was further curtailed; they are now appointed directly by the president, while regional parliaments only confirm their appointment.

Putin's economic reforms further restricted the regions' freedom of action. The new federal tax and budget codes adopted in Putin's first term transferred considerable regional authority to the federal center. Regional tax revenues were cut back. The

regional branches of federal agencies such as the Interior Ministry, the Ministry of Justice, and the Tax Ministry were unequivocally subordinated to central power. Furthermore, the governors were relieved of their power to create special economic zones. Following further changes in federal law, the regions are also expected to lose their right to participate in issuing licenses for the extraction of natural resources.

As a result, all Russian regions have lost part of their political and economic capability to act. Tatarstan was also forced to give up part of its special status under pressure from the federal center. Since the adaptation of Tatar law to the superordinate federal legislation, the regional administration has lost a broad range of privileges. In the course of these measures, the preferential treatment enjoyed by Tatneft was also heavily criticized by the federal authorities. Several regional laws on licensing and taxing the petroleum industry were subsequently abolished.

Federal efforts to gain control over the regional oil sector met with strong resistance on the part of the regional political elites, who were keen to retain guarantees of independence for the regional administration as well as favorable regulations for the regional petroleum industry. They signaled their determination to provoke an escalation of the conflict if their demands were rejected. After several personal meetings between Shaimiev and Putin, the regional administration managed to retain a certain degree of independence from the federal center for its political elites. Ultimately, a compromise solution was found with the federal center. The center declared that it was prepared to extend the bilateral treaty of 1994, thereby confirming Tatarstan's special status within the Federation. This outcome was achieved despite the fact that parts of the treaty were declared to be unconstitutional. At the same time, Tatarstan had to remove a number of regional laws which contradicted federal legislation. Ultimately, the Tatarstan legislature made 357 amendments to the regional constitution, which was adopted as a new constitution in April 2002.

The basis of the informal agreement between Yeltsin and Shaimiev was essentially preserved under Putin. On the one hand, the Tatar regional administration supports the new party of power, United Russia, which is close to Putin; Shaimiev even joined the party, becoming co-chairman of the party's Supreme Soviet. Shaimiev's backing guaranteed that the party would formally dominate regional politics. In the 2003 State Duma elections, it received 60 percent of the votes – its best showing in the Russian regions. On the other hand, the internal structure of power in Tatarstan, which was tailored for Shaimiev, remained

largely intact. The federal center therefore accepts the regional constellation of elites and thus the continued dominance of the Shaimiev clan in regional politics and business.

Securing a New Treaty

In order to formalize the relationship with the center, Tatarstan sought to sign a new bilateral treaty. Accordingly, in October 2005 the Tatar parliament approved a new text for the agreement. In early November 2006, President Putin introduced the draft treaty to the lower house of the Russian parliament. The Duma, in which the United Russia party possesses a large majority, approved the treaty on February 22, 2007. Despite public statements to the contrary, the new ten-year bilateral treaty grants Tatarstan a series of benefits concerning economic and political issues that are of importance to the republic. Not only would Tatarstan retain control over the regional economy, but the regional administration also would have the right to determine taxation levels for the petroleum industry independent of the federal government. At the political level, allowances are made for Tatar ethno-nationalism. For example, the candidates proposed by the Russian president for the office of the republic's presidency must speak the Tatar language, which effectively precludes the nomination of an outsider from Moscow.

However, on February 25 the Federation Council rejected the bilateral treaty. Each of the Russian regions has two representatives in this house and it is dominated by the Just Russia party, the second "political project" of the Kremlin, created as a Kremlin-friendly opposition party to United Russia. The Federation Council found certain points of the treaty unconstitutional and a threat to the existence of the Federation. Shaimiev responded with scathing criticism. He stressed that this was a political decision which signaled that the electoral campaigns of 2007 and 2008 had already begun. He added that United Russia now had a greater chance of winning the elections in Tatarstan. Spokesmen for United Russia also described the decision as a political mistake because it sought to weaken the position of both President Putin and their party. They suggested a change of the rules governing the composition of the Federal Council in order to avoid such situations in the future.

Conclusion

There are two scenarios for the future. In the first, the treaty will be sent to the Duma for amendment. The veto of the Federation Council can be overturned if the Duma passes the law on the treaty with

a two-thirds majority and sends it directly on to the president. The president could then ignore the Federation Council and sign the law.

In this case the bilateral treaty between the center and Tatarstan would mark the first instance under Putin when a region was able to win explicit legal affirmation for its special status. It would remain to be seen whether other regions would follow. The representatives of the federal government have, however, signaled that there will be no more cases of exceptional treatment. To prove this point, the Russian government turned down a similar request by the president of the Republic of Bashkortostan, which marked the tenth anniversary of its bilateral treaty with the Russian Federation a few months ago.

Nevertheless, it is very likely that the Russian government will in fact sign a bilateral treaty with the Chechen Republic, which is an exception among the Russian regions in so far as it has failed to reach any kind of agreement with the federal executive on the respective areas of jurisdiction. Before the referendum ratifying the Chechen constitution in 2003, Putin promised the republic a high level of autonomy. Preparations for a bilateral treaty, which were only begun during the government of Akhmad Kadyrov, were interrupted at his death in 2004, and have regained importance since his son Ramzan Kadyrov became prime minister of the republic. The Chechen government has drawn up a draft law granting Chechnya the status of a sovereign republic. This would include a number of privileges, for example the right to administer independently the raw materials in the region and the income made from them, including revenue from the sale of oil. Kadyrov's appointment as Chechen president in February 2007 will add weight to this process.

According to the second scenario, there will be no new bilateral treaty between the Russian Federation and the Republic of Tatarstan. In this way, the Kremlin could end the negotiations on preferential treatment for regions without direct intervention, blaming the struggle between the parties and the two chambers of parliament. This scenario would help to avoid open conflict between the center and the regions with its

negative political consequences in the regional and federal elections of 2007–2008. Likewise, the lack of a treaty would mean that the period of bilateral relations between the federal center and the Russian regions was at an end.

In the course of incremental federal reforms, Russian President Putin has increasingly cut back the regional political elites' freedom of action since 2000 and has relieved them of the authority to make decisions on key personnel issues as well as economic policy. However, the case of Tatarstan clearly illustrates that many governors are still able to play a decisive role in Russian politics despite the considerable loss of formal responsibilities. In particular, they are able to act as informal mediators in the event of conflicts between regional elite groups or between the region and the center. In this context, the influence of the governors over the regional media, business elite, party branches, and parliaments is of great significance.

Conversely, thanks to the governors' power, the federal center cannot challenge the constellation of regional elites. This is not only true of Tatarstan, but constitutes a general trend in Russian federalism, as can be seen in the fact that since acquiring the authority to appoint the governors, President Putin has in most cases renominated the incumbent. The difference compared to the Yeltsin era, which was perceived by the federal political elites themselves as "chaotic", lies in the balance of power, not in the rules of the game.

It is accordingly justified to regard the new federal order as being personally dependent on President Putin himself. A weakening of the federal center would inevitably lead to a resurgence of the regions. On the other hand, there has not been a serious attempt to achieve the central purpose of the federal reform, namely the establishment of stable and formalized relations that are independent of individuals. The hallmarks of Russian federalism identified by many scholars during the 1990s – asymmetry and instability – therefore remain. But because of the power shift in the interim, the federal political elites feel less threatened by the current level of asymmetry and instability.

Translated from the German by Christopher Findlay

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