

Analysis

Russian Territorial Reform: A Centralist Project that Could End Up Fostering Decentralization?

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Summary

At the beginning of 2000, the federal government initiated a new reform redefining Russia's internal boundaries as part of the Kremlin's ongoing campaign to simplify the country's administrative-territorial divisions and to further tighten federal control over regional budgets and administration. However, recent events have shown that the program of merging existing territorial units has not followed the course which the centre expected. The Kremlin's attempts to pressure the regions to speed up the process have often caused the parties to harden their positions. The outcome of the process remains unclear. Centralization could continue, leading to the creation of a unified state; alternatively, key regional leaders who command powerful regions might find themselves strengthened, the very opposite of what the Kremlin had originally intended.

Putin's Territorial Reform Plan

Within the framework of a larger effort to limit the regions' political authority, President Vladimir Putin's advisors developed plans to reduce the number of the existing 89 regions to between 40 or 50. The official justification for the planned amalgamation was the presence of legal, political and economic contradictions within the regions to be merged. In addition, Putin's team thought that reducing the number of regions would be a useful way to increase the competence of the regional leadership and bring the regional elite more closely in line with Kremlin priorities. Moreover, the plan sought to reduce the number of "poor" regions that received subsidies from the federal budget. The idea seemed to be to reduce the burden on the federal budget by offloading the responsibility for providing subsidies to underdeveloped areas onto neighboring rich regions.

In 2001, the federal government began to implement the project of amalgamating Russia's regions. Putin's team was above all concerned with the regions with a so-called "complex structure" that were created at the beginning of the 1990s. In defiance of logic, these regions contained within them autonomous districts which had the status as equal and independent regions. This "matryoshka-model" of regions within regions applied to nine of the ten autonomous districts in Russia. The legal position of the autonomous districts (*avtonomnye okrugi* – not to be confused with autonomous republics or autonomous administrative areas) is one of the most complicated issues in Russian federalism. They were created in the 1920s and 1930s along ethnic criteria, above all for the numerous ethnic groups in the north of Russia. At the beginning of the 1990s, they began to extend their decision-making authority. In 1992, autonomous districts gained the sta-

tus of regions on an equal footing with other regions; they won representation in federal politics and possessed their own budget. At the same time, they could remain a part of another region, in the form of a *krai* or an *oblast*. The constitution of 1993 (articles 5 and 66) confirmed this dual status.

As a result, the population of the autonomous districts elected its own regional parliament, but also took part in the parliamentary elections of the surrounding region. However, only the autonomous regions' parliaments possessed legislative authority on their territory. The population of the autonomous region could therefore send representatives to the regional parliament whose decisions did not affect them. At the same time, neither the division of authority between the autonomous districts and the surrounding regions, nor the possibility of separation was clearly defined. This ambiguity resulted in acrimonious conflicts between the autonomous districts and the surrounding regions, which often required Constitutional Court intervention. In 1993, the Constitutional Court allowed the Chukotka autonomous district to leave the Magadan region. In 1997, it also resolved a power-sharing dispute between the Tyumen region and the two autonomous districts on its territory.

The governors of the larger regions into which the smaller ones would be merged backed Putin's plans, while many of the governors who would lose their jobs initially opposed them. The "winning governors" hoped, on the one hand, to increase the size of their regions and, on the other, to secure for themselves additional subsidies from the federal budget, while also acquiring the opportunity to participate in the large investment projects in the area. Economic factors played an important role in this process because five of the affected

autonomous districts are rich in natural resources: The Yamal-Nenets autonomous district provides much of Russia's natural gas; the Taimyr and Evenk autonomous districts are the leading sources of precious and non-ferrous metals; the Koryak autonomous district is the second largest source of platinum, while the Khanty-Mansii autonomous district supplies half of Russia's oil reserves.

In 2001, the president signed a federal law regulating the procedure for creating new regions consisting of the following steps: First, the regional administrations affected had to sign an agreement on a common administrative structure and regional policy. If the president approved of the merger, it has to be ratified by a referendum in the regions to be combined. If all of these vote in favor, the President refers the proposal, in the form of a constitutional law, to the federal parliament. Once the law has been passed, the merger can take place. To ensure that the process proceeds smoothly, the federal government provides subsidies for a transition period. This support is supposed to smooth over any possible social and economic repercussions of the merger. The length of the transitional period is laid down in the constitutional law and lasts, on average, about three years.

The Current State of the Proposals to Merge the Regions

To date, the federal government has worked out six merger projects: (1) Perm Region with the Komi-Permyak autonomous district; (2) Krasnoyarsk territory with the Taimyr and Evenk autonomous districts; (3) Kamchatka region with the Koryak autonomous district; (4) Irkutsk region and the Ust-Ordyn Buryat autonomous district (5) Chita region with the Agin-Buryat autonomous district, and (6) Tyumen region with the Khanty-Mansii and the Yamal-Nenets autonomous districts. The first five projects have been implemented, resulting in the abolition of a total of six autonomous districts (see Table 1 on p. 11). As a consequence, the number of subjects of the Russian Federation has been reduced from 89 to 83.

Despite this progress, the Kremlin's regional merger plans have met with considerable resistance and are proceeding slowly. In particular, the governors of the economically-powerful autonomous districts opposed the mergers. The project only began to move forward when the Kremlin took on additional powers vis-à-vis the regions, including the right to appoint governors and new means for exerting pressure through revised methods of redistributing income among the regions. The Tyumen Region best illustrates these problems. This region is one of the most economically powerful in Russia. The Yamal-Nenets and Khanty-Mansii

autonomous districts provide 91 percent of Tyumen's gross regional product and 97 percent of its industrial production. The districts also outperform Tyumen region proper in other important economic indicators, for example investment or per capita income. At the same time, Tyumen region has more political power: It has had close links to the Kremlin ever since the 2001 gubernatorial elections brought Sergei Sobyenin to power. He was subsequently appointed head of the presidential administration and now plays an important role under Prime Minister Putin. Tyumen has, accordingly, sought the support of the centre for its plan of subsuming the two autonomous districts. The talks between the three regions' administrations on their amalgamation started in 2002. However, they were repeatedly stalled by the autonomous districts. Finally, in June 2004, a compromise was found in the form of an agreement defining the separate spheres of authority. The agreement guarantees the autonomous regions a great deal of autonomy until 2009.

A Critical Assessment

It is too early to say whether the mergers have been beneficial for all parties involved. Only in the Perm region has the transitional period, during which financial security was guaranteed by the federal centre, come to an end. We must wait until the various regions have stood on their own feet for a few years before it is possible to see the effects. However, recent events have shown that the program of mergers has not followed the course which the centre expected. The Kremlin's attempts to pressure the regions to speed up the process have often caused the various parties to harden their positions.

The main obstacle is that a number of issues still have not been defined: There are no guidelines setting out in which cases mergers are desirable; there is no clear developmental program for the newly-merged regions, and there are no clear criteria by which the federal centre can measure the benefits of the projects. The federal authorities cannot come to an agreement in many areas. Accordingly, the federal government leaves it to the regional elites to find solutions for the resulting problems and conflicts. The political authority of the governors, their position in the region and their leeway for negotiation vis-à-vis the centre are very important here. Consequently, the centre had to increase considerably the funds promised to the merging regions, making this project an expensive undertaking for the federal budget.

At the same time, there are no guidelines from the centre regulating the financial relationships within the new regions. The abolition of the district budget and the transfer of the funds in question to the regional budget, as well as the financing of the municipalities

in the autonomous districts, are negotiated bilaterally in each case. Through the redistribution of regional funds, the financially weak autonomous districts disappear as an effect of the amalgamation. Whether the new regions can or want to compensate for the underlying social weaknesses of these areas with their own funds is questionable.

A further problem is the Kremlin's concentration on the political aspect of the mergers. The aim is, above all, to remove the autonomous districts as centers of political power in order to reorganize the redistribution of regional funds. The economic, social and ethnic aspects of the amalgamation project have, in contrast, barely received any attention. This focus on the political concentration of power creates the risk that the autonomous districts might be economically and socially neglected. Moreover, the ethnic minorities, who were guaranteed political representation in the autonomous districts, have not been granted such rights in the merged regions.

Because the Kremlin requires the support of the regional elites for the mergers, but has only provided limited incentives to achieve this goal, the merger process is progressing slowly. At the moment, new initiatives are typically coming from influential governors who want to expand their regions. The 2001 law provides the basis for these regional initiatives. Kemerovo Governor Aman Tuleev would like to merge his region with the neighboring Altai Republic and Altai Territory. Moscow Mayor Yuri Lushkov suggested merging Moscow city and Moscow region. St. Petersburg Governor Valentina Matvienko strongly supports merging her city with Leningrad region to form a Baltic Territory (Baltiyskiy krai). The representatives of the national republics are also putting forward suggestions on possible combinations, for example the proposal by representatives of the Chechen Republic to merge with the Stavropol Territory to create a republic. In these cases, however, there is no support from the Kremlin, where there seems to be a fear that the creation of strengthened mega-regions will undermine the center's power and the territorial integrity of Russia.

Kremlin spokesmen have responded to the governors' proposals by claiming that the process of amalgamation has exhausted itself. They have come up with new plans to ensure the power of the federal government. These plans focus less on politics and more on economics. At the beginning of 2008, Dmitrii Kozak, the minister of regional development, presented a concept for Russia's long-term development. According to

his vision, there will be no changes to the regions themselves, but ten macro-regions, made up of the existing regions and each specializing in an area of economic activity, will be created. They will not compete with the seven presidential federal districts. The Ministry of Regional Development will appoint the heads of the macro-regions. The macro-regions will develop their own programs of investment, for which they will receive subsidies and tax breaks from the federal government. The governors of the regions within the macro-regions will participate in these projects, thereby granting them greater authority in the economic sphere, but also placing upon them more responsibility in that the receipt of further funds and authority will depend on their success. The Ministry of Regional Development will work out the criteria governing the creation of macro-regions and measuring the performance of the regional governors.

Kozak has argued that his project possesses no political goals. Nevertheless, its successful implementation would grant the federal government greater political power because it would receive the right to grant investment programs and financial subsidies. Moreover, it would shift the balance of power within the federal government. The creation of the macro-regions would weaken the authority of the president's representatives in the federal districts, shifting influence from President Dmitrii Medvedev to Prime Minister Vladimir Putin via the regional governors. The plan has therefore come in for criticism from many quarters, including both federal ministries and regional governors, who see it as a threat to their spheres of authority.

These reforms could go in a number of directions. It is possible that the process of centralization will continue unchecked, finally leading to the creation of a unified state. Alternatively, the regional elites might be able to resist the federal government; the reforms will remain a façade behind which the politics of the regions will continue as usual, albeit within a slightly modified framework. There is also a less likely scenario whereby the federal government, with or without the support of the regional elites, does genuinely reform the federal system. However, as recent experience has shown, neither the federal government nor the regional governors really want this; anyway, such a reform could only be achieved after long and difficult negotiations. Much will also depend on how power within the federal government is distributed between the offices of the president and the prime minister.

Translated from the German by Christopher Gilley

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Recommended Reading

- Paul Goode, Rossiia pri Putine: ukрупnenie regionov, *Logos*, Vol. 46, 1/2005, pp. 172–212, <http://www.ruthenia.ru/logos/number/46/06.pdf>
- Natalia V. Zubarevich, Obedinenie avtonomnykh okrugov: preimushchestva i riski, Nezavisimyi Institut sotsialnoi politiki. http://atlas.socpol.ru/overviews/social_sphere/ukr.shtml

Table 1 : Overview of the Completed Amalgamations

	Regions	Process of merging
1	The Perm region and the Komi-Permyak autonomous district	The treaty on the amalgamation of these two subjects was signed in February 2003 by Perm Governor Yurii Trutnev and Komi-Permyak autonomous district Governor Gennadii Savelyov and approved two months later by President Putin. On 7 December 2003, a referendum with a high turnout was conducted in both subjects in which the merger was approved by a large majority. On 1 December 2005, Perm Territory was created on the basis of a federal law.
2	Krasnoyarsk territory with the Taymyr and Evenk autonomous districts	Negotiations between representatives of the Federal government and representatives of the administrations of these subjects began at the end of 2003 and were concluded in September 2004 with the signing of a treaty between the governor of Krasnoyarsk region, Alexander Khloponin, and the governors of the Taymyr and the Evenk autonomous districts, Oleg Budargin and Boris Zolotaryov. On 17 April 2004, the overwhelming majority of the population of the three regions voted for the merger of the administrative regions. Officially, the new region came into being as Krasnoyarsk Territory on 1 January 2007.
3	Kamchatka region with the Koryak autonomous district	The first negotiations began in early 2005 between representatives of the administrations of both regions with the direct participation of representatives of the federal government; these negotiations came to a close in May 2005 when the governor of Kamchatka, Mikhail Mashkovtsev, and the governor of the autonomous district, Oleg Kozhemyako, signed the merger treaty. The 23 October 2005 referendum in both regions resulted in a large majority in favor of amalgamation. The new region came into being as Kamchatka Territory on 1 July 2007.
4	Irkutsk region and the Ust-Ordyn Buryat autonomous district	In October 2005, Aleksandr Tishanin, the governor of Irkutsk region, and Valery Maleyev, the governor of the Ust-Ordyn Buryat autonomous district, signed a treaty merging both regions; together with their respective parliaments, they presented the suggestion to amalgamate both regions to the Russian president shortly afterwards. The referendum on the merger took place on 16 April 2006. Both regions were merged on 1 January 2008 to form Irkutsk region.
5	Chita region with the Agin-Buryat autonomous district	Negotiations began in April 2006 between the governor of Chita region, Ravil Geniatulin, and the governor of the Agin-Buryatsky autonomous district, Valery Maleyev, and representatives of regional parliaments and ended with the signing of a treaty. In November 2006, President Putin endorsed the merger. On 11 March 2007, both regions held a referendum resulting in a large majority in favor of amalgamation. On 1 March 2008, the new region came into being as Zabaykalsky territory.