

Post-Soviet Russia revolution on transition in Russia was marked by various political experiments

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Abstract

This work examines the process of Refederalization and scope of Federalism in Post-Soviet Russia. Russian federal system underwent through various changes after the disintegration of the Soviet Union. It came into existence because of various treaties signed between the central government and the regions. Russian federal structure is asymmetrical in nature, marked by conflict over system of power sharing between the Center and the regions. An institutional mechanism has been created to ensure the effective implementation of federal principles. But an overarching control of President over political affairs, foreign policy and economy could prove harmful for the successful evolution of a federal state in Russia.

Introduction:

After the dissolution of the USSR in 1991, the process of 'Refederalization' started in Russia. A system of inter-governmental relations was established by the regions, the republics and the central authorities; which were based on co-operation, balance and compromise. Soviet Union had a pseudo-federal system and hence, the need was felt to adopt a genuine model of federalism in order to establish a Federal Democracy. The present structure of Russian Federation emerged out of debates and deliberations in Moscow and various sub-units. The phase of transition in Russia was marked by various political experiments. Transition to a Federal-Democratic system provided some autonomy to the constituent units in matters related to fiscal policy and formation of regional laws. Different treaties were inked between the central government and the regions to settle the disputes regarding division of power. But when the central government felt that its powers are being eroded, it started concentrating power in its hands undermining the autonomy of the regional sub-units.

Defining Federalism and Federation:

Daniel J. Elazar has distinguished between federalism and federation. **Federalism** is an idea or philosophy that provides enough space for both unity and diversity. It is a shifting, complex and dynamic relationship which gets driven by a variety of processes; which is flexible as well as ambiguous. Political culture, which is good for a stable democratic government, is required for making federalism a success.

Federation, on the other hand, is a fundamental idea required for the structures of a state. It has two important features: (a) Every federation has two different and self-standing levels of government. (b) Each level of government has its own areas of jurisdiction. The concept of 'political culture' connects the idea of federalism with democracy by constructing of political beliefs and attitudes. It helps in the actual implementation of federal institutions and practices in a state. (Elazar, 1987)

New phase of Refederalization:

The composition of Russian Federation is established by two key documents- (1) Federation Treaty of 1992. (2) Constitution of Russian Federation, 1993. These documents state that Russia comprises of 89 different administrative units, 21 republics and 11 autonomous formations. Some non-Russian communities demanded a federal system which would make a realistic provision for national self-determination and solve the problems which were present in the Soviet rule. Some regional leaders wanted equality between different administrative units (republics, krays, okrugs, and oblasts) and separation of federal structure from nationalities policy. The Constitution of 1993 equalized the powers of the constituent units. It abolished the right of republics to secede from the Russian Federation. But it preserved the structure of 89 administrative units and allowed the republics to call themselves as 'States'. The republics and regions were dealt differently by the Center. Since 1994, a series of 'Bilateral treaties' were inked between the central government and different republics.

The Republic of Tatarstan negotiated a bilateral treaty with Russia on the 'Demarcation of Areas, Responsibility and Mutual Delegation of Powers' in February 1994. Similarly in June 1995, the Republic of Sakha also negotiated a bilateral agreement with Russia which declared that the resource wealth of Sakha would be jointly controlled by the republican and the federal government. The process of Refederalization entered into a new phase with the following features:

- (a) Construction of bilateral agreements and regional co-operation between Russian state and its constituent units.
- (b) Making of regional charters for the constituent units.
- (c) Effect of democratization at the provincial level.
- (d) Political and economic role of local and regional governments.

An essential pre-condition for a definite division of powers between the republics, regions and Center was created by the Constitution and the Federation Treaty. Nonetheless, greater democratization of federal structure is essentially required in Russia. (Lynn & Novikov, 1997)

Salient Features of Russian Federation:

*Written Constitution and rigid process of Amendment- Russian Federation has a 'written Constitution' which states that Russia is a democratic-federal state, which is governed by the rule of law. 'Chapter three' of the Constitution discusses about its federal features and lays down the division of powers between the Central government and the governments of the regions known as 'Subjects'. The process of constitutional amendment is very rigid. A proposed amendment can be made into a legal act only if it has consent of the President, government, 1/5th of the total number of deputies of the Federation Council & the State Duma, and 2/3rd of the Legislative Assemblies of the Subjects of the Russian Federations. Further, at least 50% of the electorates must exercise their right to vote and the amendment should get support of at least 51% of the voting electorates.

*Supremacy of the Constitution- Constitution of the Russian Federation is the supreme law of the land. Although each Republic has its own Constitution and every Subject has its own Charter, but none of them can be opposed to the Federal Constitution in any way.

*Dual Administration- Constitution of the Russian Federation provides a system of dual administration. Each citizen obeys the Federal laws as well as the Subject laws. Each citizen pays the Federal taxes as well as the taxes of the Subject in which he/she resides or works.

*Bi-cameral Legislature- Constitution of the Russian Federation provides for a bi-cameral legislature known as the 'Federal Assembly'. It is comprised of two houses- (a) The Federation Council (Upper House) (b) The State Duma (Lower House). The Federation Council represents the Subjects of Russian Federation. Two deputies are sent by each Subject to the Federation Council. The State Duma represents the people of Russia and its members are directly elected by the people.

*Division of Powers- Russian constitution explains the sharing of powers between the federal government and the subjects. Article 71 defines the jurisdiction of the Federal government. It lists 18 exclusive powers of the Federal government on various issues of national importance (economy, foreign affairs, defense, federal budget etc). Article 72 defines the combined jurisdiction of the central government and the regions. It lists 14 powers that have to be shared between the central government and the regions. Article 73 talks about the 'Residuary' jurisdiction of the Subjects.

*Single Citizenship- Russian Federation provides a single, common and equal citizenship of Russia to all its citizens.

*Independent Judiciary with a special Constitutional role- Russian constitution declares that the Constitutional Court of Russian Federation is the 'apex-level' court. It has the jurisdiction to settle all the disputes between the Russian Federation and the Subjects. It can uphold the supremacy of the Constitution by rejecting any Federal or Subject law which is violative of any provision of the Constitution. (Ross, 2010)

Yeltsin Era:

Russian Federation adopted Treaty-based Asymmetrical federal structure after the disintegration of Soviet Union. Boris Yeltsin signed a series of bilateral treaties with different Republics since 1994. Initially, he used the regional demands to establish his own political dominance. Regional leaders were encouraged by him to take as much Sovereignty as they can. He gave more concessions and favorable treatment to the most aggressive regions like Chechenya, Tatarstan etc. within the framework of inter-governmental fiscal relations in order to accommodate their demand for more autonomy. But later, things went out of his control. Many regions acted preponderantly to fulfill their selfish motives which were against the national interest. Regional leaders tried to pursue an independent foreign policy. Federal laws were directly contradicted by regional legislations and bases for political competition were eliminated by regional political systems. Tariffs and border controls between regional subunits were introduced. The divergence in economic and political environment reached to extremes across the federation. In order to initiate market reforms in the economy, Yeltsin dismantled the 'Planning Apparatus' which was created to monitor and control economy.

These developments led to the emergence of a weak Center in Russian Federation. The political and economic reforms reduced the ability of the Central government to provide national public goods. The regional sub-units amassed a lot of power and used it to wash away the efforts of Center to introduce economic reforms. Center's policies regarding privatization and structural reforms were subverted by the regional leaders. Regions had a free ride and the local elites were involved in corruption and rent-seeking. In many cases, the regional governments denied the Central government to collect revenue and implement its policies. Various forms of trade barriers were raised by various regions. In the early 1990s, regions like Chechenya, Tatarstan declared their independence from Russia. It threatened the federal integrity of Russia. The Center became too weak to effectively police the regions and make federalism work.

The economic crisis of August 1998 provided Yeltsin an opportunity to revise his policies and intervene in the affairs of the regional governments. Central government re-evaluated its budgetary relations with the regions

and started recentralization of fiscal resources. The law on the 'Principles for the Demarcation of Jurisdiction and Power', which was enacted in June 1999, established the supremacy of the federal decrees; legislation and Constitution over regional decrees, legislation and Constitutions. (Figueiredo et.al, 2007)

Recentralization under Putin:

After Yeltsin left the political scene, Russia experienced a wave of Recentralization under Putin's rule. He got elected as the President in 2000. He aggressively pursued an anti-federal policy to establish a 'Strong Unitary State'. The Central government quickly reasserted its control over regional governments after acquiring greater resources, due to rise in oil and gas revenues. Russia experienced the rise of a 'Party of Power' (United Russia) under Putin, which played an important role in strengthening recentralization. Putin implemented a number of institutional changes to limit the powers of the regional political actors. He introduced the following federal reforms-

(1) Creation of seven federal 'Super-districts'. (2) Removing regional leaders from the Federation Council. (3) Making a new State Council. (4) Granting the President power to remove governors and dismiss regional assemblies. (5) To make regional laws according to the provisions of federal laws.

These reforms significantly changed the system of power sharing between the central government and the regions by heavily tilting the balance in favor of the Center. The 'Recentralization of Revenues' continued as the system of revenue collection was overhauled to reduce the revenues of regional governments. New federal budget legislations were passed and more revenues were shifted to the federal level. Assets which were given to regional governments were taken back by the federal authorities. Central government consolidated its grip on center-region relations by implementing various other reforms within the regions. The administrative apparatus of President got further influence over regional leaders as it controlled their access to different political resources. In 2004, Putin decide to eliminate popularly elected Executives by moving towards a process of selecting executive through 'recommendation of the President'. President can now push any law, including the Constitutional amendments, by the State Duma. (Konitzer and Wegren, 2006)

The federal authorities renounced twenty eight power-sharing treaties and strengthened 'vertical flow of power'. A number of decrees granting special privileges to regions were revoked by the Central government. New laws codified that policies related to foreign relations must be formulated and controlled by the Central government only. Putin has created a new regime of enforcement. Expanded powers have gained by federal officials to challenge regional laws. The control of Central government increased over the appointment of judges, police officials and government employees in the regions. (Bahry, 2005)

Inter-governmental Relations in Russia:

Russia has a highly complex inter-governmental relations which is conducted across 'four sub-national level'- (i) At the first level; there are 21 republics, 46 oblasts (provinces), 9 krais (territories), 4 autonomous okrugs (areas), 1 autonomous oblast and 2 federal cities, i.e Moscow and St. Petersburg. (ii) At the next level, there are seven Federal Okrugs or 'Super-districts' which were created in 2000 by Putin as a new administrative layer to curtail the powers of the regional governors. (iii) At the third level, there are 521 city okrugs and 1,790 municipal raions (districts). (iv)At the fourth level, there are 19,858 rural settlements and 1,733 urban settlements.

In Russia, power is divided among various actors which make inter-governmental relations fragmented and difficult to co-ordinate. The Structure of Party system also influences inter-governmental relations. During Yeltsin's rule, political parties were weak and fragmented. Hence,it was tough to keep the units of the

federation intact. During Putin's rule, the 'Party of Power' has an over-centralized structure which does not reflect the interests of the regions. It has created tension between the Center and the regions. The regions do not have any say in the formation of Russia's foreign policy. Article 95 of the Constitution provide equal representation to all the federal subjects in the Federation Council despite of the huge variation in the size of their population. The political independence of the Federation Council was taken away after Putin came introduced various reforms. The Council could not exercise its right of legislative initiative. The Council's veto can be nullified by the two-third majority in the State Duma.

On 1st September 2000, Putin established the 'State Council' as a forum to conduct inter-governmental relations. President is the head of the State Council and every regional governor is its member. The State Council meets once in every three months. But, it is only an 'advisory body' for the President and it does not have any law making power. Moreover, fiscal centralization has forced the regions to compete with each other to get maximum financial grant from the Center. (Ross, 2010)

Asymmetrical Federalism:

Asymmetrical Federalism defines that different constituent units in a Federation would enjoy different set of powers. After the disintegration of Soviet Unions, nation building took the topmost priority in the national agenda of Russia during the phase of transition. A new system of inter-governmental relations was designed to accommodate the diversity of various ethnicities in Russia. The Central government adopted Asymmetric system of inter-governmental relations to fulfill the demands of various ethnic republics.

In 1993, the Constitution of Russian Federation recognized this system of power sharing between the Central government and the regions. Many scholars say that Asymmetrical Federalism kept Russia away from further disintegration and prevented the beginning of civil war in Russia. But they also feel that problems like economic stagnation, lack of fiscal discipline etc. which Russia faced in the initial years had roots in the asymmetrical system of power sharing. The retreat from asymmetric system started after the economic crisis of August 1998. The federal authorities got a clear mandate to control the regional governments. All the States and Subjects became an integral part of the Russian Federation and they could not declare themselves to be 'Sovereign'. After Putin came to power, Russia was again headed towards a highly centralized system of governance. (Vazquez, 2002)

Fiscal Federalism in Russia:

The branch of administrative science which discusses about the co-ordination of government funding between the Center and the regions is called Fiscal Federalism. In Russia, formulation of State budgetary and financial operations is done according to the terms of Administrative Planning Control. Market building and state budgeting have perfunctory linkages. It helps in advancing the consolidation of Central administrative control over finance and budgeting. But the administrative laws perpetuate struggle between the Center and the regions over property rights, asset grabbing and rent seeking. (Rosefielde&Vennikova, 2004)

In Russia, Fiscal Federalism has gone through several stages since 1991. It has affected the macroeconomic situation of Russia by influencing regional fiscal management. It aims to achieve the following goals-

*Economic efficiency- Fiscal federalism strives to provide cost-effective public services and develop long term institutional incentives for regional governments in order to create an enabling business environment.

*Fiscal responsibility- By utilizing the taxes and other resources, fiscal federalism helps in managing public resources in the interest of the people by ensuring accountable and transparent fiscal policy.

*Social equity- Irrespective of regional differences, fiscal federalism equalizes the access to social benefits and basic civic amenities.

*Political consolidation-To develop civil society and bring important service provisions nearer to the people, fiscal federalism tries to distribute the powers and authorities among various levels of government.

*Territorial integration- Fiscal federalism strives to strengthen the national territorial integrity, reduce imbalances in the regional development and establish an 'integrated fiscal system'.

Evolving political situation, conflicts and compromises between the Center and the regions dominated inter-governmental finance from 1991 to 1993. In 1993, the role of regional governments increased in the economic sphere as their share in the federal budget increased from 40% to 55%. Bargained transfers; customized revenue sharing rates and negotiated expenditure norms were the basis of Regional budgets. Regional governments got more taxing powers. In 1994, the Central government reformed the system of fiscal federalism by establishing uniform sharing rates for revenues shared between the Central government and the regions. This formula led equalization transfer of budget created dissatisfaction within the regions and they did not respect the uniform tax sharing rates. After the economic crisis of 1998, the President adopted a new program of reforms. These reforms were aimed at improving the system of fiscal federalism.

After coming into power in 2000, Putin appointed a high-level commission to redefine and reform inter-governmental fiscal relations in Russia. The commission was headed by Dmitrii Kozak and it was called Kozak Commission. The commission proposed two important reforms- (1) Change the organization of local government by making a 'uniform two-tier structure' of governance for the local governments.

(2) Provide separate assignments for various levels of local governments.

These two proposals were accepted by the President and turned into laws.

Along with the Tax and Budget codes, these laws implied various significant changes for the system of Fiscal federalism in Russia. Centralization of revenue was emphasized along with reforming the system of transfers within the regions. These fiscal changes have increased the expenditure responsibilities of the lower levels of government. Fiscal disparities exist across different regions. The revenues of the regional governments do not match with their expenditures, which has created 'vertical imbalance' in the system. It has helped the Central government to fulfill its objectives but it has also put constraints on the autonomy of the regional governments. (Wetzel, 2007)

Role of Ethnicity:

Soviet Union was based on Ethno-federalism and had 'core ethnic region' as its part. It created Dual Sovereignty, increased the security fears of the minority groups, caused ethnic clashes and finally dissolved the USSR. On the other hand, Russian Federation has no core ethnic region. Although the Russians form a majority (almost 85%) of the country's population, but they do not dominate any single region. Russian population is divided into 57 provinces, which coexist with 32 regions that are homelands of designated ethnic minority. This institutional arrangement has given great institutional capacity to the President to cope with divisive ethnic challenges in a much better way. Russian Federation rewarded various republics and regions either by economic transfers or entering into special bilateral agreements with them. The Central government is the only provider of goods and services. Regions are divided over various issues and dependent on the Center for financial grants. Hence, they do not pose much challenge to the integrity of Russia. (Hale, 2005)

Conclusion:

Federalism has played a vital role in the process of nation-building in Russia after the disintegration of Soviet Union. Some scholars believe that it was the most effective mechanism to hold the multi-ethnic Russian Federation together. It fulfilled the specific needs of different regions and subdued the secessionist forces by giving special powers to different regions. For the first time, the republics and regions got some say in the policy making and deciding the course of development. But they started misusing these special powers to undermine the federal authorities. Hence, the central executive took a series of steps to recentralize the powers in its hands and this has made Russia a Quasi-unitary state. Centralized command and subordination of the regions have eroded the federal principles of regional autonomy and non-centralization in Russia. A strong Presidency cannot be the permanent answer to the regional complexities of Russia. There is a strong need for a fair and transparent mechanism to solve the conflicts between the Center and the regions. A balanced policy approach is required to protect the diversity & autonomy of the regions; and enable the Central government to enforce the law to protect the common national interest.

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