Institutional Dynamics of Intergovernmental Relations under Centralization:
New Trends in Russia's Regional Policy

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1. Introduction

A development of the Russian federal system over the last fifteen years has been characterized by ongoing process of reforming towards centralization. However, centralizing reforms have not lead to simplification of the Center-regions relations and, on the contrary, have made them even more complicated and uncertain. Paradoxically, but in its institutional contours the existing federal system strongly resembles decentralized state of the Yeltsin’s era. Kremlin’s regional policy still lacks any clear uniform rules, relies on the individual approach in the relation with the regions (“manual management”) and, thus, faces further growing asymmetry. Instead of bilateral treaties today Center-regions relations are based on the “unspoken agreement” according to which regional elites maintain certain autonomy in exchange for loyalty and high electoral results for the ruling party.

In this sense it would be important to analyze the set of institutional practices that have been steadily reproduced in the interactions between the Center and regions for the recent decade. Dominant research traditions of the Russian federalism seriously neglected examination of its institutional dynamics. Structural-institutional approaches are mostly normatively oriented and, thus, concentrated on large-scale processes of the system development (Kempton 2001; Koniyhova 2004; Ross 2002), whereas actors-oriented models are mainly focused on the transformation of certain “rules of the game” configuration and therefore usually overlook a broad institutional context of transformation (Gelman 2009; Heinemann-Grudeler 2002; Pascal 2003).

This paper aims to explore the changes and modifications which occurred with the institutional practices regulating intergovernmental relations in Russia during the period of “new centralism” in the 2000s and, thus, to trace how the new mode of relationships between the Center and regions is institutionalized and reproduced under current conditions. For this purpose, the main attention will be paid to three essential directions of the Russian regional policy – a governor recruitment system, interactions of Federal Center with the regions of a “special status” and interbudgetary relations.

2. Intergovernmental relations in a federal state: institutional dimension

One of the key questions in federal studies is usually formulated in the following way: how federalism affects policy outcomes? (Riker 1964; Volden 2004). The most serious contribution to the analysis on this direction was made within the rational choice theory. Due to its theoretical framework the main research focus was put on the federal structures’ ability to affect actors’ behavior while federalism itself was viewed from the perspective of the “rules of the game” setting,
or, in other words, – as a situational phenomena. But if to assume that such effect has continuing character and federalism is capable to acquire certain stability characteristics, then the question mentioned above can be specified and formulated in the following manner: how federalism “structures” politics? (Gibson 2004). This “structuring” effect means that federal institutions appear to be capable of shaping certain models of behavior subsequently reproduced in the interaction practices. As a result, federalism manifests itself not just in a structural aspect (constitutional legal norms, system of government) or strategic aspect (activity of the main political actors – federal and regional elite groups) but in the reproducing of such models and the level of their stability.

A possible way to observe how these models are functioning is to examine the elements of federal system’s stability themselves – namely institutional practices regulating intergovernmental interactions. These practices can comprise formal constraints, informal rules or sustainable modes of behavior, but in any case they have to be stable, reproducible and shared by political actors in a long-term (see e.g. Colino 2010; Erk and Koning 2010; Erk and Swenden 2010; Pierre, Peters, Stoker 2008). Analysis of such practices enables to cover those areas and tendencies in federal relations which are traditionally neglected by rational choice and normative approaches. The given areas, in particular, include “fragmentary” establishment of federal institutions taken in various forms, the rise of informal relations, gradual convergence of federal practices and other political institutions (electoral practices, clientelistic practices, party system) etc.

Generally, the analysis of intergovernmental institutional practices can be based on the exploration of the two main parameters – first, the level and intensity of their institutionalization (which ultimately determine the level of their reproduction) and, second, – the correlation between the different types of such practices (which determines the degree of congruence / divergence between them). Therefore, these parameters allow determining to what degree a certain set of institutional practices is stable, cohesive and reproducible.

This conceptual framework seems to be highly applicable to the Russian experience of federalism. The dynamics of intergovernmental relations in Russia can hardly be explained in terms of rational choice or structural transformation. Today the relationships between the Center and subunits are regulated by a complicated set of practices being resilient enough to the changes of actors’ preferences and of the actors themselves. The role of institutional inertia in contemporary Russian politics is even much more significant then it may seem at first glance.

The bilateral negotiation system in the Center-regions relations was considered to be a key instrument of regional politics in the 1990th. Although it was formally rejected with the Putin’s coming to power the main principles of this system are still reproduced today in the intergovernmental relations. The changes and modifications of these principles in the last decade deserve a special analysis and need to be revised from the institutional perspective.
The system of bilateral agreements in the Russian federalism has two main traditions of conceptual interpretation. The first one focuses on the legal nature of agreements, viewing the treaties in normative terms (Khakimov 2001; Koniyhova 2004) while the second is concentrated on the rational choice aspects of the practice trying to reveal its strategic sense (Solnick 2000; Stoner-Weiss 2006). Both traditions emphasize essential facets of the bilateral negotiation system but nevertheless remain unable to explain its “continuing” effect on the contemporary regional politics. Thus, it seems to be more useful to view the bilateral agreements system as a compound institutional setting containing legal norms, informal regulators and symbolic practices.

Of course, it would be a rough oversimplification to examine bilateral practices only from the “path dependence” perspective. The main goal here is to show how these practices changed and modified in the current context and also how compatible they turned out to be with the new mechanisms of governance.

3. Institutional peculiarities of the governor appointment system in 2005-2012

Cancellation of the direct election of regional governors in 2004 with a good reason can be considered as the most radical and rapid change in the whole complex of measures undertaken by the Russian government at the beginning of 2000s which used to be known as a “federal reform”. If, moreover, the federal reform appeared to be a sort of “declaration of intentions” for the new authorities, then the implementation of the governor appointment system became a core element of the reform itself – both in institutional and symbolical aspects. Along with the abolition of the governor election the process of the “vertical of power” construction seemed to be almost completed. The central government gained, in fact, total control over the regional political process and federal system took its final configuration in the period of the “new centralism”.

At the same time, although the appointment system affirmed principles of centralization and rigid subordination in federal relations, it did not mean dissolution of negotiating process between Center and regions at all. Moreover, in some cases this process turned out to be even more intensive than earlier. In general, that can be explained by the two main factors.

First, elite interaction and possible conflicts among the interest groups concerning the choice of the governor candidate did not vanish but just shifted from the sphere of public policy to the “shadow” sector with numerous informal channels of communication. Second, the implementation of the appointment practice essentially modified the configuration of the relations between federal and regional elites by itself due primarily to serious changes in the both political and institutional role of a governor in the new system.
The process of institutionalization of the established recruitment system was highly complicated and contradictory. Despite a practice of governors’ appointment had been passing through different phases (Turovskii 2010) and was eventually formally abolished in 2012, its institutional effects are still very strong today. The Kremlin managed to employ various strategies of appointment from the “mass” re-confirmation of the incumbent acting governors to the appointment of “outsiders” as the heads of the regions (candidates who actually have no any strong ties with regional elite and which are usually called as “varangians”, on the analogy with the historical experience of vikings who ventured the territories of Eastern Europe from the ninth to eleventh centuries).

Analysis of the Kremlin’s main steps on this direction reveals the twofold character of the “new centralism” regional policy. On the one hand, the Center proclaimed a movement towards the doctrine of universalism in relations with the regions, thus adopting new principles in the personnel appointments. On the other – the federal elite could hardly overcome the effect of the personalized regional networks which developed into the interaction practices acquired a sufficient level of stability in the previous decade of the “Yeltsin era”. As a result, order of gubernatorial appointment has become regulated by the complex set of rules in which legal norms are usually supplemented or even substituted by the practices of “individual” approach or “back door” dialogue.

It is interesting that while building relationships with “strong” regions, the Center has been keeping rather cautious behavior trying to prevent any rapid move capable to cause tension or open contradiction. In most such cases, the choice was made either in favor of incumbent acting governor or the candidate put forward by the dominant elite group. According to Nicolay Petrov, in case of existence of political machine functioning at the regional level, “federal elite was ready to be unaware either of “incorrect” ideological preferences or previous and present declarations and actions made against the Kremlin’s will and also of the wrong-doing concerning legislation” (Petrov 2007).

Even the Kremlin’s course on gradual replacement of the “heavyweight” governors did not changed situation drastically. In those cases where the candidature of a new governor was lacking strong ties with regional elite it nevertheless was approved by the main political actors of the region. As a consequence, system of relations between the Center and a definite region could be partially modified on the surface but remained the same in fact, maintaining all fundamental features unchanged.

Gradual reconfiguration process of the Center-regions relations seems to be the main result of the elections’ cancellation viewed from institutional perspective. An evident dependence of the appointed governor on federal elite found expression not so much in a new position of the region in relation to the Center but mostly in a new position of regional elite in relation to appointed governor
itself. Appointment of “outsiders” as the heads of regions, along with the formation of the new policy makers teams coming into power at the regional level, seriously altered institutional role of a governor in the current political system. Actually the governor turned into a sort of intermediary in the relationships between regional and federal elite groups. In the perception of regional elite, he was stated as a protege and “conductor” of the federal interests. Therefore, to build up relations with a “newcomer” first of all meant to keep concealed dialogue with the Center. As one of the regional managers notes, “if earlier governor positioned himself as a regional leader possessing his own resource, now the both elites and ordinary people perceive a governor as a man embedded in the vertical of power” (Chirikova 2010). So, on one side, local elite is found to be distanced from the Center being under control of the governor who is, in its turn, accountable to the Kremlin. While on the other, the governor itself remains dependent on the balance of forces formed in the region.

Such situation stimulates the rise of different strategies which are used by regional political actors involved in the implicit negotiating process with federal elite. The fact that governor’s candidature is unquestionably approved by local elite groups does not necessary mean that all initiatives of the new head of the region will be fully accepted. If policy of a new governor comes into collision with the interests of local elite groups they can choose at least two possible ways of behavior. Thus, for instance, regional elite can take a course on the open conflict with the new governor striving for his resignation (e.g. Alexandr Tishanin in the Irkutsk region or Nikolay Kolesov in the Amursk region). Or, in the other case, local elite groups can be oriented on maintaining permanent tension in relations with the governor being aimed at the loss of his authority in the Center (Ilya Michalchuk in the Arkhangelsk region).

Moreover, appointment of the Kremlin’s protege to the position of a governor can be considered as a tool for getting special economic preferences by the region. In this sense, approval of suggested candidature by regional elite can be viewed from the perspective of rationale strategy. In particular, it is interesting to explore statistics of the interbudgetary transfers’ distribution in those regions where appointments of the governors-“varangians” took place during the first phase of appointment system implementation. Relying on the most rigid criteria of the governor-“varangian” as a man who never lived and worked in the region in which he is appointed, it is possible to mark 15 assignments of such a kind. Analysis shows that almost in all cases the total amount of uncompensated receipts in the region’s budget essentially increased in the first year after the appointment (Budget Monitoring Center 2011). Thus, the first year after Valery Shantsev’s coming to power in Nizhegorodsky region in 2005 was distinguished by 5 times increase of the total interbudget transfer amount in consolidated budget of the region. Increase of the same indicator in Kaliningrad region after Georgiy Boos appointment in 2005 was found by 2 times,
meanwhile after Mikhail Men’s coming in economically weak Ivanovsky region was amounted to 1.7.

Evidently, all those indicators could hardly be explained by the economic achievements gained by new governors in such a short period. In fact, they prove to be the result of rewarding policy conducted by the Center in relation to certain regions as a form of support of their new leaders.

The process of a new recruitment system institutionalization demonstrates all those contradictions characterizing Russian regional politics in the recent years. Settlement of the new formal rules caused actual coexistence of the “technical” practices of appointment and “personalized” practices of individual dialogue within the same institutional frame. However, if in the case of the governors’ assignments we can distinguish only certain elements of bilateral agreements – such as the possible strategies of federal and regional elite, expected preferences and the subject of bargaining – then in the other spheres of federal relations the effect of bilateral practices seems to be getting even stronger.

4. A “special status” of region under “new centralism”: mode of reproduction

The use of individual approach in the relation with the regions turned out to be necessary and, to a large extent, unavoidable measure for the Center in the recent years. In some cases “individual” agreements acquired new “technological” features interfusing with the “manual management” practices as it was shown on the example of the governor appointment system. In other cases – such agreements were reproduced by customary mechanisms of bilateral exchange based on the special benefits and preferences. Thus, being abolished legally as a set of formal rules, the system of bilateral treaties, nevertheless, has not lost institutional significance. It continued to function in the form of stable models of behavior deeply rooted in the relationships between the Center and regions and various mechanisms of their informal negotiating. Especially that can be observed clearly in the relations between the Kremlin and regions of a “special status”.

It is important to note that reinforcement of asymmetry tendencies in the Russian federalism appeared to be one of the most serious consequences of the “new centralism” reforms. Such a “by effect” of the Kremlin’s politics can be explained by the change of a “special status” itself. In the 1990s, to a greater or lesser degree, region’s “special status” was assumed by accepted rules of the game – primarily, by the system of bilateral treaties in its both formal and informal dimension. As a result, a “special status” of a certain region was institutionalized and partially legitimated. Today, on the contrary, regions are getting their preferences out of any stable rules and established principles. In such situation every region benefited from the Center immediately stands out against
others making its position even more privileged. On the background of the declarations about “universal standards”, a real asymmetry in Russian federal system is in a way increasing. That can be distinctly seen on the mode of Kremlin’s relationships with “strong” ethnic regions and, in particular, with the Republic of Tatarstan.

In the 1990s “the Tatarstan model” meant the existence of a permanent informal backdoor dialogue between elites of ethnic regions and the Center. According to Jeffrey Kahn, the Russia-Tatarstan treaty of 1994 “set the standard for bilateral treaties that followed” (Kahn 2002).

The signing of the treaty between Moscow and Kazan in 1994 brought the Republic a number of serious preferences in different spheres of social and economic development which provided maintaining a special status in Federation. The division of powers in that case was realized through a series of individual agreements on such basis which was far from any common rules. That gave Tatarstan’s elite strong and favorable platform in negotiating process. Stoner-Weiss remarks: “This effectively established Tatarstan’s association with Russia as distinctive from other regions in that it reserved for the republic a special set of rights that other regions did not share – in particular, control over key social and educational programs that enabled the preservation of Tatar ethnicity” (Stoner-Weiss 2004). Moreover, the treaty allowed the Republic to gain “increased jurisdictional control over the mineral resources located in its territory” (Stoner-Weiss 2004).

Actually, the character of such agreements evidently proved that the most of the key decisions in the field of power division had been built up much earlier than the document was signed. The treaty with Tatarstan turned out to be a kind of compromise achieved by the central and regional elites as the result of a long-standing bargain which was still underway even after documents’ adoption. Thus, according to Raviot: “Russia-Tatarstan treaty showed that the relations between Moscow and Kazan were characterized not only by intention but also by the permanent and constructive backdoor dialogue taking place from the very beginning of the Post-Soviet era” (Gaida and Rudenko 1998). Along with solving out the problems, the treaty at the same time revealed new contradictions also needed to be resolved. In particular, Moukhariamov suggests that the treaty did not have the direct juridical force and did not abolish constitutional collisions between the Russian Federation and the Republic of Tatarstan (Moukhariamov 1997).

In this context, Russia-Tatarstan treaty should be viewed as a complicated institutional setting which combines the legal norms, informal rules and even discourse practices. To a great extent its political significance was determined by the public resonance which the treaty had after signing. The effect of that resonance was even stronger than the treaty’s conclusion. For instance, the expression “the Tatarstan model” itself was widespread after being mentioned in a number of official speeches. In such a way, the adviser of President Yeltsin for the relations with the subjects of Federation Nikolay Medvedev declared: “The treaty signed with Tatarstan is a model for
construction of federalism in our country” (Anonymous 1994). The rhetoric of such kind also meant regulative function of the treaty in a strict way.

To a large extent, core principles of the bilateral system relations with Tatarstan are still working today. Moreover, under new conditions, the informal practices of negotiations between the Center and ethnic elites proved to become stronger than in previous decade. In the beginning of 2000s – period of “political will” demonstration – the Kremlin was nevertheless highly cautious in relationships with the republican elite. Every serious decision concerning the reconciling of federal and regional legislation was accompanied by a variety of informal meetings and agreements. If any tension occurred, the Center followed a proven method of negotiation. While demonstrating equanimity, it refrained from making public declarations relying on the discourse of “trust relationship”. At the same time, all the problems had been solving in the course of closed negotiations and individual meetings of the federal and regional elite representatives. The existence of these problems could be publicly articulated and recognized, but only after formal announcements about “strengthening relations”. In such a manner, during the visit to Tatarstan in March of 2000, V. Putin declared: “Today President Shaimiev has proposed an absolutely acceptable variant of interbudgetary and federal relations. They are in the framework of Russian nationhood. I have already told and I repeat again that President of Tatarstan appears to be one of the founders of contemporary Russian state. He was one of the originators of the Federation” (Anonymous 2000).

However actually it is not a “special status” itself to deserve close attention but primarily the mechanisms causing this status to be reproduced. Recent years experience shows that practices of bilateral changes in relations between Moscow and Kazan are successfully complying with the new “technological” mechanisms of regional governance. Maintenance of economic privileges by Tatarstan in the 2000s brightly demonstrated that.

In the 1990s, the tax and financial preferences of the Republic were generally the result of shadow and “closed” agreements. Today such preferences are in various forms confirmed by quite open and legitimate mechanisms of federal politics assuming unified standards of governance. In such a way, a practice of granting preferences to the Republic is successfully adjusted by means of development institutions and, as a result, by “different channels for realization of numerous investment programs” (Zubarevich 2010). Almost every large-scale federal project seems to have a good basis for that. In particular, under initiative on the creation of special economic zones (SEZ), Alabuga was created (which is located on the territory of Tatarstan), which is the largest special economic industrial zone in the country and one of the first SEZ established in 2005. Besides, the Republic of Tatarstan turned out to be one of the leaders in crediting within the national priority project on agricultural development. In the beginning of 2011, a special agreement between the
Republic and “Rosselkhozbank” was signed approving the order of investment credits accommodation for preferable branches of agriculture up to the end of 2012 (Anonymous 2011).

Finally, the distribution of federal funds directed to the development of technoparks seems to be indicative of the general tendency. Here the volume of investments channeled to technopark creation in Kazan is amounted to almost 20% of the total investments volume which are channeled to financing of all 10 technopark creation projects in the different regions of the Russian Federation. At that, the total amount of financing of the project in Tatarstan exceeds the level of similar projects financing in other regions by 8-10 times (Kuznecova 2009).

Along with the new methods of economic stimulation, the Center continued to employ old mechanisms of political encouragement. Signing of a new powers delimitation treaty in 2007 proved their availability. This document can be considered as rather ceremonial one and “hugely modest” (Sidorenko 2010). Nevertheless, even the very fact of its emergence in the period of the unification policy confirms once again the existence of special mutual obligations between Moscow and Kazan. Moreover, treaty contains essential item. Article 2 of the document designates the requirement for the candidatures to the Republic’s President post to know official languages of the Republic. Taking into account that according to the same article the Tatar language, along with the Russian, is approved as an official one in the Republic, knowing of the this language became a sort of supplementary guarantee for ethnic elite to prevent governor-outsider appearance in the region. That legal norm was already used in the beginning of 2010 when republican elite enabled to realize successor scenario by supporting candidature of the former prime minister of the Republic Rustam Minnikhanov to the post of President. His further election proved that possible replacement in the leadership of the Republic could hardly cause any significant changes in its relationships with the Center.

Thus, the use of the term “the Tatarstan model” is actually of no significance today. In the 1990s that term meant two major principles: firstly, a certain pattern of building relationships with the concrete region and, secondly, the rules of the game which made that strategy possible. Today a “special status” of the region is determined not by any set of rules or interaction order, but, primarily, by the individual choice of the Center, which is realized out of any norms and settings. Regarding republics this tendency is precisely characterized by Zubarevich: “There are no more special privileges of republics according to their status, there are only special privileges of certain republics in relation to which a special policy of the Center is implemented” (Zubarevich 2010).

Therefore, a “special” position of the region can be stipulated either by the region’s permanently high political status and significance (Tatarstan, Dagestan, Chechnya) or by situational interest to a certain region due to the concrete political circumstances (Krasnodarskiy kray, Primorskiy kray). As a result, favoritism in federal relations seems to be seriously reinforcing: the
Center gives privileges to certain regions but at the same time is not bound by any obligations – whether they are the rules of the game “for all” or “narrow” secret agreements. In such a way, “individual” approach is losing its significance as a basic principle of regional politics but is only strengthening as a strategy used in concrete cases.

5. **Interbudgetary relations under “manual management”**

Interbudgetary relations are a sphere which demonstrates complexity and contradictions of the current Russian regional policy probably most clearly. To a large extent it helps to distinguish one of the main paradoxes characterizing existing system of Center-Regions relations: a growing uncertainty of its development against the background of Kremlin’s attempt to regulate and unify intergovernmental interactions in a highly rigid manner. It is important that a case of interbudgetary sphere shows how practices of “individual approach” start to be reproduced not just as a result of the “past” or inertia influence but, primarily, as an institutional effect of a new “manual management” mechanisms development.

The budget reform is often considered to be one of the most consistent and effective initiative undertaken by the Russian authorities during a large-scale transformation of federal system in the late 1990s – early 2000s. To a certain degree, reorganization of interbudgetary relations turned out to become the authorities’ programme initiative aimed at demonstration of their intention to set the unified rules and standards in the regional management. According to some experts that reform really achieved its main result through establishment of the strict rules regulating interbudgetary cooperation between Moscow and regions (Smirnjagin and Busygina 2010). Federal Center received new tools to implement regional policy as well as new grounds to build relationships with regional elites. But in fact all those tools were usually brought into action by the mechanisms which were contrary to the very essence of the principles declared. Federal government seemed to follow familiar strategy of granting “individual” benefits to the regions, at the same time relying on the new institutional frame and management arrangements. That can be clearly seen in the practices of intergovernmental transfers’ distribution.

One of the main tasks for authorities during the budget reform was an attempt to regulate and normalize the system of federal transfers’ distribution in order to make it more clear and transparent. For that purpose the government elaborated new institutional mechanisms that could provide allocation of funds among the regions through the use of well-defined clear criterias. First of all it concerned new tools for equalization policy – the equalization transfers had to be calculated by the formula and, thus, gave a clear picture of how much a region got and what for.
The initiative to regulate equalization policy became an essential part of the budget reform. But eventually the equalization transfers turned out to be the only type of all intergovernmental grants which was really transparent and countable. The rest of intergovernmental transfers – such as budget balance transfers, subsidies, subventions and etc. – remained unclear and continued to be distributed according to highly uncertain and obscure criterias in the regime of “manual management”. With that, if in the mid 2000s a share of equalization transfers in the whole structure of intergovernmental grants amounted to nearly 50% then in 2012 it came to 24%. In 2013 the figure had risen slightly to 27%. However the tendencies of recent years show: along with a slight growth of equalization transfers’ share there is also an increase in the share of the most “non-transparent” type of intergovernmental grants – the budget balance transfers (from 7% in 2012 to 11% in 2013). Generally speaking, these figures mean that more than two thirds of all transfers which regions receive from the Federal Center are still distributed in a “backdoor manner” and out of any clear criterias.

But what here matters the most are the changes that have occurred with the principles of the transfers’ “manual” distribution themselves. On the one hand, as mentioned above, the Kremlin went on using the strategy of encouragement certain “peculiar” regions with strong financial privileges granted to them in one way or another. It related both to the regions of a traditional “special status” (such as ethnic republics) and the regions of a particular political significance (e.g. territories where huge federal projects take place) that can be evidently confirmed by the relevant statistics on intergovernmental transfers. For instance, the data for Krasnodarskiy kray (the host region of the 2014 Winter Olympics) show that in 2009 nearly 89% of all federal funds received by the region’s budget through intergovernmental transfers were “non-transparent” (the total share of grants in the revenues of the region’s consolidated budget – 28%)². The same figure in 2012 came to 93% (with the total share of grants in the region’s budget – 29%). Whereas in the Republic of Tatarstan absolutely all the transfers received by the region in the period between 2009 and 2012 related to the category of “opaque” (the total share of transfers in the region’s budget in 2009 was 35% and in 2012 – 23%).

At the same time Federal Center’s distributive policy towards the other regions seemed to have changed. If to exclude several “peculiar” regions, then it would be rather difficult to find any more or less stable criteria according to which authorities define a volume of transfers for a certain territory. Experience of recent years demonstrates that in the actions of government there is no any clear consistent logic of distributive policy, whereas each concrete decision of authorities depends

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on situational factors and particular political circumstances. As Natalia Zubarevich notes, today in the general structure of grants’ distribution “it is hard to find out even a pair of similar regional budgets” (Zubarevich 2011).

In this regard it is important to note that despite its completely informal character the distributive policy of Federal Center in the 1990s nevertheless rested on clearly defined principles which were shared and accepted by the main political actors and, thus, well institutionalized. Actually, this means that elite groups of each region understood what exactly they had to do in order to receive the financial benefits from the Center (see e.g. Popov 2001; Treisman 1998). As a result, the whole system was based on the informal deals under the principle “money in exchange for loyalty” but with that proved to be relatively stable and predictable in its development. Today Center’s interbudgetary policy still remains mostly informal (in some aspects – even more than in 1990s) but at the same time it appears to be significantly less consistent and clear. Under the current conditions the allocation of transfers is mainly determined by short-term factors or even a random choice. In many respects such situation proves to be a result of a “manual management” or, to be more precise, – a sort of its “reverse effect”: Kremlin’s intention to keep everything under control practically turns into a lack of governability while the general uncertainty in the “common rules of the game” entails the decrease in the efficiency of the regional governments’ work.

Eventually, all this leads to one of the most crucial problems of the Russian federal system – its strong asymmetrical features. The budget reform not only failed to reduce economical asymmetry of the Russian regions but in many regards just exacerbated it. A gap in the development between economically advanced and beneficiary poor regions still remains enormous and even seems to be rising. In 2009 the largest share of intergovernmental transfers in the regional budget revenue was 91% (Republic of Ingushetia) whereas the smallest one – 3% (Moscow). In 2013 those figures changed into 86% for the largest one (Republic of Ingushetia) and remained the same for the smallest share (again 3% in Moscow). At the same time a number of regions where the total share of transfers in the budget revenues came to more than 70% in 2009 amounted to 6 while a number of regions where that share came to less than 30% was 21. In 2013 a number of regions with a share of transfers in the budget of more than 70% reduced very slightly, coming to 5 when a number of regions with the indicator of less than 30% for the transfers’ share increased on almost two and half times and came to 50.

But probably the most indicative feature of asymmetry can be seen if to look at the general structure of the tax revenues received by the federal budget: in 2013 55% of all federal budget tax revenues come from 3 regions (Khanty-Mansi Autonomous Okrug, Jamalo-Nenetski Autonomous
Okrug and Moscow) whereas only 12 regions account for 78% of revenues\(^3\). Such situation makes future prospects for the federal system development highly uncertain and contradictory. Federal authorities’ intention to preserve existing order or even to enhance centralization will inevitably increase a risk of bringing the system to collapse. Meanwhile an attempt to decentralize interbudgetary relations will quite possibly make no sense now: according to some experts economically it will be simply unprofitable (see e.g. Zubarevich 2014).

6. Concluding remarks

Institutional analysis of intergovernmental interaction enables to reveal probably the basic contradiction of the current federal policy in Russia. Despite the declarations about the new principles in regional politics the Center in fact is following a twofold strategy, relying on the both “technological” and “personified” mechanisms of interaction with regions. Such ambiguity leads to a serious institutional divergence in federal system being marked by coexistence of the two different types of regulators within the same institutional frame. As a result, today federal system development is accompanied by the increase of uncertainty and unpredictability.

Of course, Russian regional politics in the period of 1990s was also quite controversial. At the same time, however, it was consistent enough. In particular, it was clear who gets what and why in rewards distribution or granting the benefits among the regions. Now a considerable part of decisions is accepted due to casual circumstances without any visible logic. Therefore, it is not surprising that many of those tendencies which characterized the Russian federalism development in the 1990s are just aggravating today. Strengthening of favoritism policy by the Center, reinforcement of a privileged status of “special” regions and restoration of a highly centralized management style in the most of regional political systems clearly demonstrate that. In this way, despite the Kremlin’s aspiration to show the ability of keeping absolute control over all political processes, the trajectory of a further federal system development seems to be uncertain even in a short-term perspective.

\(^3\) See data on the federal budget tax revenues in the monitoring conducted by Independent Institute for Social Policy. Available at: [http://www.socpol.ru/atlas/overviews/social_sphere/kri.shtml](http://www.socpol.ru/atlas/overviews/social_sphere/kri.shtml) [accessed 15.06.2014]
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