TITLE: WHITHER RUSSIAN FEDERALISM, AND THE GUBERNATORIAL ELECTIONS

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SUMMARY

In the context of a review of Russian gubernatorial elections as of late November 1996, and of the course of center-regional relations, this paper concludes that federalism in Russia carries instabilities of a "bargaining," rather than the stability of an "integrated," federation. The authors end by suggesting a series of moderate institutional changes which could have profound long-term effects in the direction of the latter. They are:

- First, since the charters prepared for most regions are unlikely to prove wholly satisfactory and will most likely be replaced, we would suggest extending the institution of direct election to other offices within each region's executive structure to such offices as vice governor and regional prosecutor. Such a reform would accelerate the development of regional parties by increasing the value of party labels and, at the same time, encourage the growth of a cadre of professional politicians willing and able to compete for higher office.

- Second, we should not preclude the possibility that the authority of the presidency is still subject to change, and if so, we would suggest a diminution of the president's ability to make law (by decree) and to abrogate the acts of regional governors. Such authority may be necessary when the word 'emergency' describes an economy, but if and when Russia's new economic system matures, those powers are too great. Because any potential instability at the center threatens stability throughout the federation, those powers can only hinder investment and the development of efficient market relations -- thereby exacerbating the propensity to rely on explicit bargaining in federal relations. And because any president will find it more efficacious to rely on those powers rather than on the informal ones afforded by 'leadership', they hinder the development of a viable and integrated party system as well.

- Finally, we would strongly encourage modifications in the current timing of elections. Aside from one-time adjustments in terms of office (arguably, a 'Russian tradition'), there is no reason why gubernatorial, presidential, and State Duma elections cannot be held simultaneously. We would go further, in fact, and suggest that both gubernatorial and State Duma terms be limited to two years. Contrary to the view of some commentators, Russia does not have too many elections, but too few, especially if we count the number of elected offices and not the number of times voters are called to the polls. Parties develop only if there are elections, and parties of the sort Russia requires will develop more quickly if electoral imperatives sit constantly on the minds of those who hold public office.

We emphasize that to the extent that bargaining is essential to political stability in Russia today, none of these proposed changes directly undermines the opportunity on the part of regions and the center to reach any negotiated compromise. Instead, these changes are designed merely to 'nudge' the evolution of parties in the direction of fulfilling a role that presently is unfulfilled by any institution or process. That role is a simple one -- to have the best of both worlds by allowing Russia to act in the federal domain as if it were a unitary state without the need to conduct negotiations with the regions on every general policy measure, but to do so without endangering the rights of its citizens that arguably are protected best in a decentralized federal state.

\footnote{Compiled by NCSEER Staff.}
WHITHER RUSSIAN FEDERALISM?

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1. Russia’s Federal Problem

Most attempts at constitutional design for new federal states focus on things like the policy jurisdictions of federal subjects, representation in the national legislature, the nature of federal and regional courts, the authority of an upper (federal) legislative chamber, the role of federal subjects in amending the national constitution, and provisions that concern specific subjects that render them distinct from other subjects (see, for example, Saunders 1995). However, regardless of institutional details, one question dominates all others: if, owing to competing claims to sovereignty, there is an inherent conflict between federal subjects and the national government, as well as among federal subjects, how do we achieve enforceable and stable rules that ensure the rights of federal subjects, the authority of the national government, and the continuity of processes that allow for the democratic evolution of these rights and authority as changing circumstances dictate?

Finding an answer to this question is perhaps nowhere more important than in the case of Russia, where achieving the stability and enforceability of democratic rules can mean the end of a federal power struggle that otherwise threatens coherent public policy, economic reform, and overall political stability. The issues of representation, jurisdiction, symmetry, and self-rule are all addressed, albeit with some ambiguity, in Russia’s federal constitution. But questions remain as to the ultimate structure of federal relations, if not the viability of the federation itself. Will federal relations, Chechnya aside, pose a constant threat of political disintegration as in even prosperous and democratically advanced Canada, or will they match the stability that characterizes contemporary Germany despite the turmoil and expense associated with reunification? And even if we ignore extreme possibilities, we must still ask about the value of federal treaties signed by Moscow and Russia’s republics, and about the ultimate consequences of the direct election of regional governors, a chronic shortfall in federal tax collections, and growing disparities in regional prosperity.

In some ways Russia’s federal system seems little different from any other. As we write, governors for most regions are being selected for the first time by direct election, and the results thus far appear to have upset the strategic calculation of most political pundits. Yeltsin’s 1996 presidential campaign took great pains to secure the support of regional governors, thereby contributing to the view that the gubernatorial elections to follow would be a part of the ongoing conflict between communists and reformers, or at least between Yeltsin’s supporters and opponents. The specific fear shared by Yeltsin’s entourage -- that ideological opponents might gain the upper
hand in the Federation Council and secure enough support to override any presidential veto --
concerned national not regional politics. But voters have apparently cast their ballots using other
criteria. Rather than vote in a way that has a simple ideological interpretation, they appear instead to
be voting on the basis of specific regional concerns and self-interest -- for incumbents who have
access to Moscow and arguably have a reputation for being advocates of their region and effective
administrators, and against incumbents who appear otherwise. Perhaps we should not be surprised.
then, when Yeltsin's estranged vice-president and vocal political opponent, Alexander Rutskoi,
proclaims upon winning the governorship of Kursk oblast, "I am interested neither in ideological
persuasions nor in political views ... we must get down to business, we need to work" (October 26.
1996; Itar-tass). Thus, Russia seems little different than other democracies to the extent that it
appears to satisfy the dictum that 'all politics are local.'

There are features of this regional focus, though, that contrast sharply with regional political
campaigns in, say, the United States or Germany. Following the dissolution of regional soviets in
1993, new regional assemblies were elected in 1994 but national political parties played only a minor
role: as of January 1995, only 13.8 percent of deputies elected to those assemblies were explicitly
associated with any national party (Slider 1996). This pattern has been sustained in the most recent
gubernatorial elections. Although national parties -- most notably, the communists, LDPR, Yabloko,
and Our Home Is Russia -- have struggled to identify with and endorse the most viable competitors,
those parties have played little role in nominating candidates, and sometimes more than one party has
endorsed the same candidate. In Magadan, for instance, the successful candidate, Valentin Tsetkov,
was endorsed by Zyuganov (communist), the LDPR (nationalist), Yabloko (reformist opposition),
and Shumieko's pro-Yeltsin Reforms-New Course; the incumbent Governor of the rich Khanti-Manci
okrug was endorsed both by the government and the communists, both of whom also claim
responsibility for the newly elected governors of Kaliningrad and Kaluga; in Leningrad oblast the
successful challenger, Vadim Gustov, was endorsed by the communists, Yabloko, and even by some
members of Russia's Democratic Choice as well as the ex-mayor of St. Petersburg, Anatoli Sobchak.
In the case of Tsetkov at least, it appears that the 'tail wagged the dog' and that national parties did
little more than chase a winner -- someone who, by securing clear electoral victories to the
Federation Council in 1993 and the State Duma in 1995, demonstrated his regional support. In
addition, there appears to be little correlation thus far at least between voting in the presidential
election and voting for governor. Although in the 1996 presidential race Yeltsin defeated Zyuganov
in Magadan region 63 percent to 27 percent, in Leningrad region 61 to 32 percent, in Kaliningrad
region 57 to 35 percent, and in Kirov region 50 to 41 percent, Yeltsin's appointed incumbents there
lost, whereas the incumbents in Chita and Saratov regions enjoyed a different outcome even though
their regions voted heavily for Zyuganov.
Identifying the character of Russian federalism through the lens of its gubernatorial elections is made difficult also by the fact that these elections are occurring in the context of a number of inter- and intra-regional conflicts. There is the issue of non-payment of taxes to the center (with and without the center's authorization) either by regional governments themselves or by those large industrial enterprises that are difficult to separate from regional authorities. And there are those autonomous regions within oblasts who are both federal subjects and constituent parts of other subjects, and who, in seeking separation and full autonomy, have refused to participate in the gubernatorial elections of the regions of which they are ostensibly a part. In addition, although some parts of the legal structure of federal organization seem firmly in place (for example, the nature of regional representation in the Duma and Federation Council, and the authority of regional governments to dictate election laws), other things await determination. It is still unclear, for example, what will guide the relationship between the Kremlin and directly elected governors, whether the national executive will continue to try to assert its authority over the structure of regional governments, including the timing of regional elections, and whether and how the federation will resolve conflicts between federal law and regional laws and charters.

From one perspective, then, Russian federalism seems to be evolving in a normal way. Regional governors are learning that service to their constituents rather than to some abstract ideology is a prerequisite to political survival, and regional governments are evolving so that turnovers in authority occur in a scheduled democratic way. Regional economies are developing in a variety of ways, often uncontrolled by the center, but each providing an example of successful and unsuccessful reform for others to follow. Finally, Moscow is learning that it must contend with federal subjects that possess real autonomy, and that the old command-and-control system has been replaced by something else even if that 'something' is imperfectly defined. Candidates, on the other hand, are becoming more experienced at handling elections, especially in their specific regional constituencies. The single most universal characteristic of winners in the gubernatorial races thus far has been prior participation in the 1993 elections to the Council of Federation, where constituencies coincided with regions. This connection is salient to the point where strong incumbents who did not run in 1993 lost to challengers who did (e.g., Kaluga). And as of November 1996, no successful gubernatorial candidate lacks prior territorial electoral experience. Thus, despite the weak role of national parties in regional elections, we cannot call these elections depoliticized. Politicians' experience, a persistent electoral presence in their constituencies, and an ongoing commitment to an elected political career might even be more important than a reputation as a "good manager" -- the explanation used repeatedly by the "party of government" in its attempt to explain its losses in the regions.

There is another perspective, though, that yields a less sanguine view of the future of Russian federalism. The endless battles between Moscow and regional governments often preclude effective or coherent policy, and may, ultimately, give some regions a reason to think that they can do better
as wholly independent actors. Massive income disparities persist across regions -- disparities that are not likely to be smoothed even under the most optimistic economic reform scenarios, and certainly not as long as the regions and the center continue to regard each other as adversaries in domestic policy. And the growing independence of regional governors threatens Moscow’s ability to do what any government must do -- collect taxes and fund those programs that, by any reasonable jurisdictional allocation, fall under its domain.

It is tempting to try to weight each of these contradictory processes in order to predict the ultimate character of Russian federalism. Are the things we see now that paint the picture of an unhealthy federalism merely transitory -- essential or at least acceptable first steps towards a more ‘normal’ federal system on the model of, say, Germany, the United States, Canada and Australia? Or are those things symptomatic of deep problems that are unlikely to be resolved and which foretell a state in which not only the benefits of federalism but of democracy itself are subject to continuous threat? Our argument here is that no simple weighing is likely to yield the requisite answers. Instead, we require a theory of federalism that tells us what is necessary for a coherent stable democratic federal state, and only then can we evaluate the implications of current developments in Russia and its prospects for democratic federal stability. It is that theory to which we now turn.

2. The Integrated Federation

The treaties, constitutional clauses, and laws that describe and establish federal relations are sustained only if they are self-enforcing. Lest they be ‘mere parchment barriers’, it must be in the self-interest of all or nearly all political decision makers to abide by them, or to change them only in accord with the other rules of the political game. But such self-interest must be somehow designed into the political system. It is here, though, that we encounter the fundamental problem of federal institutional design. To maintain mutually beneficial cooperation among the federation’s constituent units, the national government must be empowered by such devices as constitutional supremacy clauses to coerce those units and to negate actions that run counter to some definition of the general welfare. And in Russia at least, good arguments can be offered for the proposition that in a society without well defined property rights, without civil law or a civil society, without a judiciary capable of administering the law, and without wholly democratic governance of its federal subjects, an especially strong central government is the only route to reform and stability. On the other hand, federalism in Russia is rationalized as it is elsewhere, by the assumption that some policies are best controlled by federal subjects and that those subjects must maintain a degree of autonomy. Thus, a federal constitution must also allow federal subjects to challenge national authorities whenever those authorities are believed to have overstepped their bounds. But jurisdictional boundaries, however well-specified in a constitution or treaty, are nearly always ambiguous. Except for such matters as providing for the national defense and maintaining a common currency, arguments can be made for
nearly any allocation of responsibility, and all levels of government can lay claim to the authority to oversee most public enterprises. Thus, to the extent that federal subjects or the national government prefer to expand their authority—to tax and regulate the resources and production that others prefer to tax and regulate—there is an inherent tension in federal relations regardless of whether we are talking about a new federation such as Russia or an established one such as the United States, Canada, or Australia.

We argue here that although institutional details may have to be formed on a case by case basis, there are but two alternatives paths to sustaining a balance in which competing claims to authority by sovereign governments of different levels are resolved only by constitutionally sanctioned actions and wherein any such resolution is self-enforcing. The first path, leading to an integrated federation, is based on the compatibility of individual incentives, so that the sovereign authorities as such do not need to come in contact at all. The second requires the creation of some supplementary institutional mechanisms that continuously reestablish consensus among sovereign authorities through bargaining. The set of institutions required to sustain a balance differs under each approach, and the right path for a specific country may well depend on circumstances (for example, ethnic heterogeneity and size). The bargaining mode of federal relations has been utilized successfully by democratic federations for prolonged periods of time (e.g., Canada), and although less robust in terms of federal stability, it can remain perfectly democratic and can, in time, evolve in the direction of greater integration (e.g., Australia). However, insofar as Russia is concerned, our fear is that although the first path is more likely to provide the better guarantee of stability, current practice and current institutional arrangements are more compatible with the second mode, albeit in an imperfectly formulated institutional environment. Although the automatic representation of regional governors and heads of regional legislatures in the national legislature (specifically, in the Federation Council) partially integrates national and regional governments, our concern is that this institutional arrangement, absent changes in other institutions, will be little more than an arena for incessant conflictual bargaining and stalemate.

In developing a theory of federal stability that distinguishes an integrated federation from the rest, it is tempting to look first at the American experience, especially at the theories offered at the founding of the American federal republic. Unfortunately, if we look to The Federalist for guidance, and to the type of federation Hamilton and Madison thought best for America or best in general, we are unlikely to come to any definitive conclusion. The idea that "ambition must be made to counter ambition" (Federalist, #10) suggests a federal system based on bargaining, whereas the argument that a federation must be a system in which state governments are "constituent parts of the national sovereignty" (Federalist, #9) suggests the first, integrated, mode. In general, though, a stronger case can be made for supposing that Hamilton and Madison at least had the integrated mode in mind, not only because the constitutional document they supported was written largely in the shadow of the
Articles of Confederation — a shadow that conditioned their views against the attempt to resolve disputes uniformly through bargaining -- but also because they deliberately sought an overall integration of government in the way states were represented in the national legislature and the authority of both the national and state governments to appeal directly to the people (Orloshook and Shvetsova 1995).

Of course, considerable explicit bargaining characterized federal relations early in development of American federalism. Debates at the Constitutional Convention over the precise form of representation and the methods whereby the president was to be selected are pure manifestations of bargaining, as was the unsuccessful attempt at maintaining a balance of representation in the Senate between free and slave states, and the constitutional prohibition against federal tampering with slavery until 1807. But today at least, the United States is perhaps the single purest example of a federation where political entrepreneurial incentives across different levels of government are compatible, in the sense that they lead to the largely consensual day-to-day division of prerogatives and to the unwillingness of both the holders and aspirants to offices at all levels to intrude in any significantly disruptive way into another level’s domain. This is not to say that politics in America treats the prerogatives of different levels as largely resolved. As Woodrow Wilson (1911, p. 171) wrote, "The question of the relation of the States to the federal government is the cardinal question of our constitutional system. At every turn of our national developments we have been brought face to face with it and no definition either of statesmen or judges has ever quieted or decided it. It cannot, indeed, be settled by one generation because it is a question of growth, and every successive stage of our political and economic development gives it a new aspect, makes it a new question."

Bargaining in the common meaning of the word is very much a part of this first mode of federal balancing. But bargaining here occurs in the context of mutually compatible interests. Specifically, an integrated federation is characterized by,

- national politicians who do not find it in their self-interest to enter state-level political discourse, and state and local level politicians who do not benefit from focusing their campaign rhetoric and policy proposals on national-level issues; and
- a process whereby jurisdictional conflicts -- definitions of "national-level issues" -- are resolved in a non-confrontational way as dictated by the uncoordinated, self-interested actions of individual politicians acting within well-established legal traditions.

From time to time a candidate for state governor may, as in California with respect to illegal immigration, campaign on an issue that pits the interests of the state against federal policy. But in general jurisdictional disputes are resolved at the margin so that the roles of different levels of government change only in a slow and evolutionary manner, where those changes largely serve the interests of all political actors.
Notice now that to create an unwillingness on the part of governments at different levels to trespass on the jurisdictions of others, we cannot simply focus on establishing appropriate incentives on the part of national politicians by adjusting modes of representation in the national legislature. Such a focus at best provides only half of the solution. It is necessary also to install electoral disincentives among political elites within federal subjects to interfere in this process and to campaign with attacks on the national government. Moreover, if national representation of local interests is to be adequate, jurisdictional boundaries between governments must continuously change and be redefined. An issue that is too controversial to be resolved by consensus at the national level, for example, should be allowed to drift quietly into the jurisdiction of sub-national governments so that local preferences can dictate local resolutions and so that the issue itself does not threaten the viability of the federation and the unity of the national parties. At the same time, issues that are salient for minorities within federal subjects but which cannot be resolved to their satisfaction owing to the presence of near indifferent majorities everywhere, should reappear at the national level, where legislators are unlikely to be penalized by the indifferent majorities in their constituencies for participating in decisions they care little about but which are likely to attract the attention and votes of intensely interested minorities. Political elites at all levels, then, must be willing to “hand off” various issues in ways that best serve their reelection goals, but also the overall stability of the federation.

What emerges from this picture of an integrated federalism, then, is a complex nexus of motives, representation, and jurisdictional definitions. Unfortunately, we are not looking at something that can be readily constitutionally mandated even with the greatest effort at constitutional engineering. The proper balance must be adjusted continuously, and requires a near perfect compatibility of incentives. Thus, although the development of this self-enforcing and self-regulating political machine requires favorable formal political institutional preconditions, it requires something outside of the formal constitutional system. And here we argue that something is an integrated system of political parties that penetrates all levels of government (Ordeshook 1996, Ordeshook and Shvetsova 1997).

Looking to parties as the critical extra-constitutional part of an integrated federation is natural once we appreciate that the ultimate determinant of political elite motives in a democracy is the ways in which they attain and maintain office. And since parties are the primary vehicle whereby politicians mobilize electoral support, parties and the election laws under which they operate must be a critical determinant of whether a federation will develop as an integrated one or as something else. As Hofstadter (1969: 70-1) puts the matter when discussing the American Constitution, "the balance of social interests, the separation and balance of powers, were meant to secure liberty, but it was still uncertain, after the instrument had been framed and ratified, whether the balance would not be too precarious to come to rest anywhere; and whether the arms of government, separated in parchment, could come together in reality to cooperate in the formation and execution of policy ... a
mechanism had to be found ... [and] the national parties, for all their faults, were to become at an early hour primary and necessary parts of the machinery of government ..."

The ways in which parties and elections shape the motives in an integrated federation are best illustrated by the following account of politics in the Union and Confederacy during the American Civil War, which illustrates the important role played by parties, the benefits of a competitive and vertically integrated party system, and which should in fact persuade the proponents of a 'strong' Russia that the relative political weakness of the center can actually contribute to that strength. Briefly, Lincoln enjoyed throughout that war far greater success at maintaining a united front and at ensuring the subservience of state militia to national direction than did his counterpart in the confederacy, Jefferson Davis. McKitrick (1996), comparing the strategies and fortunes of the opposing presidents, attributes this difference to the existence of a competitive party system in the North and an uncompetitive system in the South. Following secession, the South was left with a single-party system that was focused exclusively on the issue of secession, whereas the North retained not only the Republican party but the northern wing of the Democratic party. Since northern Democrats remained a viable political force. Republican candidates for office were compelled to rely on Lincoln's national leadership for political survival just as Lincoln, uncertain of success in the presidential election of 1864, never lost sight of the need to maintain the support of state and local Republican party organizations. In contrast, neither Davis nor the governors of the states of the Confederacy confronted such challenges, so governors there had little to gain politically from coordinating with Davis.

Mutual dependence in the never-ending campaign for reelection is critical to the relationship between local and national politicians in an integrated federation. the means for establishing such a relationship, and the role of political parties in ensuring that integration occurs naturally and as a part of 'normal' politics. And to see how this mutual dependence can be made part of a federation's design, we need to note the key institutional characteristics that, based on our contemporary understanding of party politics in America, appear to contribute to it. Specifically, those characteristics are,

- elections that *simultaneously* fill a great many local public offices; autonomous local party organizations designed to facilitate the election of its candidates to those local offices; and the simultaneous election for a singularly visible national office, the presidency.

In an election in which voters act on a multitude of contests and chose from among a large number of candidates about whom they know little or nothing, the essential commodity possessed by a candidate is his or her party label and the fact that this label is shared by other more visible candidates. Even when salient local and national issues do not coincide and even if personalities distort the relationship between national and local political outcomes, the fates of national and local
politicians cannot be wholly separate. The multitude of candidates for local office rely on national political figures to give meaning to the party labels attached to their names that give direction to voters who cannot learn much about their candidacies. At the same time, no presidential candidate has the resources required to erect organizations that are as effective at mobilizing voters as are existing local party structures. Lincoln’s relative success at coordinating the Union’s war effort depended on the local party as much as the local party depended on him, and the same is true today. A symbiotic relationship exists up and down America’s political structure. The fates of local candidates are intimately connected to those of their parties’ candidates for offices contested on a state-wide and national basis. At the same time the success of a presidential candidate will depend on how effectively that candidate mobilizes state and local party organizations, which depends, in turn, on the extent to which state and local party candidates believe that their fates are linked to the party’s candidates for national office.

The importance of this symbiotic relationship is important to any stable, integrated federation. But its importance suggests that national parties in Russia that are largely top-down organizations controlled by political elites in Moscow, are as yet ill-suited to perform any integrating function. Without confusing a decentralized structure to one, as in Russia, in which independent regional candidates are merely endorsed by national parties with no regional presence, notice in particular that symbiosis is accompanied by and in fact requires regional and local autonomy of political party organizations in which no national organization dictates a party’s nominees for regional office or even for candidates for the national legislature. Those things are controlled by regional organizations, which, in turn, are creatures of local party bodies. National parties, then, are not merely federalized; they are wholly decentralized. This decentralized structure is critically important since without it, symbiosis disappears and is replaced by a command and control system in which national political elites maintain their own "federal" networks within regions and struggle with local elites for control of the party. The question that remains about Russia, then, is whether the influence exerted by candidates for regional governorships on parties -- the willingness of national, Moscow-centered parties to endorse candidates merely because they are likely to win -- can force the decentralization of those party organizations. But before we can answer this question, we must first consider the opposite of an integrated federation -- a bargaining federation.

3. Bargaining and Confrontation

Politics in the alternative to an integrated federation are characterized by politicians whose electoral appeal derives primarily from his or her ability to succeed in conflictual actions with respect to other levels of government and to negotiate an advantageous position for his or her constituency relative to the rest. Thus, in a bargaining federation.
politicians have an incentive to articulate (perhaps even invent) their disagreements with the policies or demands emanating from other levels of government and to compete directly with other levels of government for jurisdiction over policy.

Such a federation remains stable only as long as participants have sufficient incentives to continue "playing the game", where these incentives derive either from the relative efficiency of reaching negotiated outcomes or from some possibly exogenous constraints on defections, including secession.

It is, perhaps, this characterization of a federation, along with the failure to distinguish between bargaining and integration, that explains why so many treatises on federalism stress the importance of economic policy as the route to federal political stability (see for example, Wallich 1995). Absent the identification of any integrating mechanism, the assumption is that the 'glue' that holds a federation together (short of an external military threat) is the economic prosperity that is threatened by dissolution or disruption of the federation. We suspect, in fact, that such economic motives are especially important in a bargaining federation, but therein lies the weakness of this form. First, notice that federal stability is not assured if everyone is worse off without the federation than with it. Rather, what we require is that each federal subject, acting individually, does strictly worse outside of the federation than within it. And it is this condition that often is not satisfied in an endangered or dissolved federation. For example, the existence of the Canadian federation in its present form is not dependent on the economic circumstances each province might confront in the event that all go their own way. Instead, since the arguments in favor of secession offered by Quebec's political elite concerning the continued existence of a common currency, central bank, and trade policy explicitly assume that Canada will otherwise remain whole, Canada's existence in its present form depends on whether the residents of Quebec in particular believe they would be worse off if they alone became politically (but not economically) independent.

A federation dependent for its survival on economics, then, must satisfy a far stronger condition than that the continued existence of the federation be beneficial overall to its members as compared to their probable circumstances when all are independent states. Thus, without denigrating the importance of economics, we see that although prosperity may be a necessary condition for federal stability, it is not a sufficient condition. And to the extent that economic matters are the primary source of stability in a bargaining federation, economic dislocations are more likely to be disruptive of such a federation than an integrated one.

A bargaining federation rationalized by and dependent on economic prosperity confronts an additional problem that an integrated federation does not. Consider a situation in which if each member of a federation contributes, say, 100 (billion rubles or whatever) to some common fund, each realizes a benefit of 150, but if none of them contributes, each benefits 0. Thus, the net benefit to each of cooperation is 50. Suppose, though, that if one of them refuses to contribute, the net benefit to each member is degraded to 45 whereas the benefit to the defecting member increases to
145, since it can now free ride on the efforts of others. Notice now that, aside from the usual problems of cooperation portrayed by the Prisoners’ Dilemma, each member can claim that its efforts generate a benefit of 5 units to every other member. Thus, if there are 20 federal subjects in the federation, then when negotiating "fairness" or when demanding compensation from the center for its contribution, each member can argue for a reimbursement of up to 95 units as compensation for its contribution to the welfare of all other members. But if everyone reasons and acts the same, then no compensation is possible and no collective benefit is realized.

Before we can assess the full implications of this argument for Russia, however, it is useful at this point to draw a sharper contrast between bargaining and integrated forms by looking at the incentives politicians are likely to confront once the bargaining mode is achieved. Briefly, if for one reason or another voters do not assume that their representatives in the national legislature can or will successfully protect local interests, incentives arise for voters, participating both in federal and local elections, to support different parties when voting at each level or to support parties with the same label at each level but which, as in Canada, in most cases operate wholly disjoint national and regional organizations.

Such split voting has an inherent logic to it in a bargaining federation. There it is reasonable to suspect all federal subjects of wishing to free-ride on the resources of the federal government, in which case voters in any individual subject should support a strong national party to avert free-riding. On the other hand, when voting in purely regional elections, those same voters should prefer a party that would minimize the tax contribution of their own region. For example, imagine a federation of 10 members, each of which initially promises to contribute 31 units towards a cooperative (national) project. If they all contribute fully, suppose the return to each member is 103 units. Realistically, though, no government in a bargaining federation collects all promised funds. But a government run by a "strong" national party under-collects a total of 10 units and produces a benefit of 100 units for each member (for the average net gain of 70), whereas a national government run by a "weak" party under-collects a total of 160 units so that an average contribution is only 15 and the average benefit falls to 50. In this later case, though, suppose that individual contributions vary between 0 and 31, depending on the party in power within the federal subject, and suppose in addition that if the local branch of a national incumbent secures control of a subject government, that party adheres to the policies of the national organization, does not fight the federal center, and thereby contributes fully to the cooperative program. On the other hand, if a local party or a national opposition wins there, it actively bargains to reduce the region’s tax burden as much as possible; and for simplicity we assume that all provincial governments that bargain thus have equal bargaining strengths and that the under-collection by the federal government is divided equally among them.

Typically, as in most parliamentary democracies, voters do not vote simultaneously in national and provincial elections so that at the time of balloting in a provincial election, a voter confronts two
possible contingencies: a strong national incumbent and a weak incumbent. In either case, a voter in our model must choose between voting for the opposition party in the provincial election (O) or voting for the same party that currently controls the national government (I). Given the payoff structure just described, we get the two subgames portrayed in Figure 1 below.

The **bold** numbers in this figure denote payoffs to the region in question (row-chooser) whereas the second number denotes the payoff to each of the remaining provinces. To illustrate the calculation of these numbers consider the upper right (I,O) cell in the first subgame (a). Row chooser elects the same party in the province as the national incumbent, thus undermining the provincial government's ability to successfully pressure the federal center. But opposition parties form the governments in all other provinces, and those provinces claim all tax breaks that the center can offer. Thus, row chooser contributes in full (-31), while the 10 under collected units are divided among the other 9 provinces (hence each contributes 29.9 units). For another example, consider cell (O,I) of the second subgame (b). Now row chooser is the unique federal subject with the opposition party in power regionally that can successfully resist the central government, and thus it manages to reduce its contribution to zero. Because the total under collection by a national government controlled by a "weak" party is 160 units, and since row choose claims 31 of them, the remaining 129 units of under collected taxes are divided evenly among the 9 other provinces, in which case each pays 16.6 units.

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*a: strong national incumbent*

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<td>50-16.6</td>
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*b: weak national incumbent*

Figure 1

Of course, the full game confronting voters in a region should take account of the possibility that all other regions will not be of uniform character. But the preceding figure is sufficient to illustrate the fundamental incentives operating here. Specifically, notice that the strategy O, voting for the opposition, strictly dominates strategy I in both subgames. And since this argument applies to all subjects, (O,O) is the equilibrium for each subgame. Moreover, since the equilibrium payoff in subgame (a) is greater than in subgame (b) we can conclude that whenever a province is pivotal in
the national election, its voters should vote for a strong national party, thereby splitting their vote in regional and national elections.

Such split voting can occur in ways other than the one described in our example. In the United States, for instance, it is commonly believed that a significant share of voters divide their loyalties between Democratic and Republican parties so as to achieve a divided national government -- a presidency controlled by one party and a legislature controlled by the other. In a parliamentary democracy such as Canada, absent a meaningful Senate and an opportunity to vote only for members of parliament, voters cannot achieve this same end at the national level. Instead, it appears to occur as described by our model -- voters split their vote between the parties when voting in provincial and national elections (Erickson and Filippov 1996). However, conditional on the federation being a bargaining type, the model explains only why different parties control provincial and national governments. It does not explain why, in the United States, a Democrat in the White House belongs organizationally to the same party as a Democrat in the Senate or House of Representatives (or even, for that matter, as a Democratic governor of New York or Colorado), whereas a Liberal in Ottawa belongs, organizationally, to a different party than a Liberal in Quebec's parliament even though both share the same party label. Thus, although we see strong elements of bargaining in Russian federalism, and although voters there, when voting in regional contests, appear to support candidates who are likely to be effective at negotiating with Moscow, we do not yet know whether a candidate in Moscow with the label Communist has any genetic connection to a candidate in Pskov, Kaliningrad, or Leningrad who also bears the same label. And even if most candidates today prefer to run as 'independents' we do not yet know whether this is a permanent or merely a transitional state of affairs -- until the party system crystallizes, or until we have sound theoretical reasons for supposing that the current state of affairs is permanent, we cannot say which type of federation Russia will become. To address these issues we must now consider why it is that some federations are best characterized as integrated and others as examples of bargaining federation.

4. Some Institutional Influences

Although there are other states that might serve as a basis for explaining the general character of a federation, especially useful lessons are offered by the comparative assessment of the United States, Canada, and Germany. The United States and Canada perhaps best illustrate the polar extremes of the two types of federalism offered here, whereas Germany illustrates at least one institutional route towards the development of an integrated federation on the American model using a parliamentary rather than a presidential system of government. We begin, then, with the two polar types -- the United States and Canada.

The United States versus Canada: It is by now, of course, part of American folklore that America's two major parties are vast, ideologically blurred umbrellas, willing to allow virtually any
segment of society into their fold. Although third parties occasionally appear on the national and regional scene, they quickly disappear as each major party adjusts its programs and character to accommodate the electoral support given to such parties. In contrast, although Canada's two primary national parties, the Liberals and Conservatives, look much like America's, there are some important differences in the overall nature of Canada's party system. First, unlike in the United States, a variety of regional or purely provincial parties compete with each other and with the Liberals and Conservatives for provincial offices. Thus, although the Parti Québécois can control Quebec's government without competing in any other province, the Liberal Party can, until the formation of the Bloc Québécois in 1990, capture virtually all of that province's representation in the national legislature. Second, the fortunes of even Liberals and Conservatives in provincial and national elections do not always correlate within a province. For example, Ontario's Conservative party has won every provincial election since 1943, whereas the Liberal party averaged over half of the seats filled by that province in the national parliament. Third, although the selection of delegates to the Democratic and Republican national party conventions are dominated by state party organizations, which are in turn creatures of local party organizations, the national conventions of Canadian parties are dominated by national party organizations that are generally distinct from the party organizations bearing the same label and which serve the candidacies of provincial politicians.

Perhaps the most evident contrast between Canada and the United States involves the career paths of politicians. Specifically, although approximately half of those who held elective office before succeeding to the presidency of the United States served as governor of a state, no Prime Minister of Canada has ever served as head of a provincial government. This pattern, in fact, is perhaps even paradoxical in the United States in that, although it is arguably the case that American federalism has become more centralized, especially in this century, the role of governors vis-a-vis the presidency has increased. Specifically, of the 11 presidents elected before the outbreak of the Civil War after Thomas Jefferson (excluding Zachary Taylor [1849-50], a general), only two (18%) held the office of governor of their state as their last elected post before becoming president whereas 9 served in Congress; between 1860 and 1900, 3 (43%) of 7 were governors and 4 were in the Congress (excluding Grant, a general, and Arthur who held only minor state offices); but between 1900 and today, 7 (50%) were governors and 7 were from the Congress (excluding Taft, Hoover, and Eisenhower). In contrast, in Canada, as Gibbins (1982: 141) notes, "there is very little movement from provincial to national office. Aspiring politicians appear to make an early choice between a provincial or a national career, and once launched on their path very few cross over. Provincial office is not a way station on the road to national office but rather an alternative." Interestingly, as a fact for future reference, we note here that in this respect at least (even if not in any other), Russia better resembles the United States rather than Canada.
In general, then, the American party system is far more integrated than the Canadian one, and lacks Canada’s sharp distinction between regional and national politics. But now we must ask about the source of this difference, and here it is tempting to begin with the fact that the U.S. is presidential and Canada is parliamentary, with the prime difference being that the rules of the U.S. electoral college greatly diminish the prospects for third parties, regional or otherwise. On the other hand, a variety of regional parties have sustained themselves in Canada without the prospect of formal national political power. But without wholly dismissing the potential differences between presidential and parliamentary federalism, there are other institutional differences that are critical. More specifically, the institutional environment for party integration includes elections that simultaneously fill a great many local public offices, a local party organization designed to facilitate the election of its candidates to those local offices, and the simultaneous election for a singularly visible national office, the presidency. In the United States, local, regional, and national elections occur simultaneously and on a well-defined schedule except when required to fill vacancies, whereas in Canada in contrast they follow no specific schedule and, being proclaimed independently of each other, are generally held at different times. Second, although over 600,000 offices are filled by election in the U.S. (if we exclude state legislative and judicial offices, the average number of statewide offices filled by election is 12), Canadians elect only their representatives to the national parliament, provincial parliament, mayors, aldermen, and school boards. Finally, we cannot ignore the fact that the U.S. Senate is a legitimate legislative body, whereas Canada’s is not. The U.S. Senate, elected directly within the separate states and with a veto over legislation that cannot be overridden by the lower legislative chamber, contrasts with a largely ceremonial Canada Senate that is filled by appointment from Ottawa and does not represent provincial interests in any meaningful way.

We are not saying that simultaneous elections and a multiplicity of offices filled by election wholly explain the differences between American and Canadian party systems. But it is foolish to suppose that they do not contribute importantly to those differences. The absence in Canada of simultaneous local, state, and national elections, in combination with a far smaller number of elections, can only reduce the value of common party labels across levels of government and the symbiotic relationship among political candidates from those levels. When we combine these features of Canada’s political system with the absence of meaningful Senatorial representation, we have a system that can only increase the extent to which provincial governments and politicians regard the Canadian national government as an ‘alien’ force, and that voters perceive the need to balance the party that controls the national government with its primary opponent at the provincial level.

Germany, although it relies heavily on the interstate procedures in decision-making and policy implementation, is probably the next to the United States in terms of manifesting a highly integrated pattern of federal balancing. Insofar as constitutional institutional structures are concerned, although
the Lander do not formally possess very broad jurisdictions (law and order, cultural affairs, and local government), they are at the same time empowered to implement federal laws on their territory, which has led to the situation in which Lander "develop administrative capabilities exceeding those of the federal civil service" (Habek, 1987). Even more importantly, the Bundesrat, the federal chamber of the German national legislature, which is formed by the representatives of the Lander governments, exercises a veto over legislation that affects the Lander and its rejection of any other legislation can be overruled only by a super-majority in the Bundestag. Thus, the federal government is deprived of the opportunity to violate Lander rights, while local politicians, if they want to oppose federal policy or the way it is administered, must direct their criticism to the Land government. Unsurprisingly, then, political parties in Germany are highly vertically integrated. For example, the national fortunes of each of its three largest parties -- the CDU/CSU, the SPD, and the FDP -- correlate highly with the fortunes of these parties in lander elections (Brady, Lohmann, and Rivers 1995); one of those three parties (generally either the CDU/CSU or SPD alone or in coalition with the FDP) controls each lander government; and national party conventions are dominated by lander party organizations (Conradt 1986).

Perhaps the starkest contrast with Canada and similarity to the integrated federal form of the United States is witnessed by the fact that German national political figures have roots in local politics to nearly the same extent as their American counterparts (Golsch 1995). Kiesinger and Kohl both served as Land minister-presidents. Brandt was mayor of Berlin, and Schmidt began his political career in local Hamburg politics. Mobility, moreover, is bidirectional, so that former federal ministers might continue their political careers in Lander governments (Scharpf 1995).

Although the party systems at different levels are not wholly congruent, "parties and media alike treat state elections ...as if they were very important by-elections for the federal parliament," with the custom of the televised "roundtable discussion among the presidents or general secretaries of national parties on the evening of any state election" (Scharpf 1995). And although regional party organizations follow general national guidelines, their platforms are adjusted to the specifics of the region: "within a regional party organization political positions and tendencies might gain prominence which represent only a small minority within the national organization" (Habek 1987; notice, though, that this discussion applies to the pre-unification Germany. One might assume that after reunification, German federalism might be seriously weakened because of the redistributive and essentially economic issues that unification has evokes. On the other hand, if Germany’s established parties can secure solid bases of support in eastern parts of the country, then our analysis of federalism would predict no essential long-terms changes).
5. The Prospects for Russian Federalism

For a number of reasons we believe that an integrated federation is a better model of federalism for Russia than a bargaining type. First, Russia has too many federal subjects for bargaining to be productive and for outcomes to be sustainable. And second, the asymmetries in the rights and resources of subjects will most likely provoke a spiralling escalation of their demands. Unfortunately, our discussion about the integrating role of parties leads to the inescapable conclusion that when formulating its political institutions and when copying or modifying the institutions of other countries, Russia has drifted towards becoming a federation in which "a bargaining model is not just analytically powerful, but also descriptively accurate" (Solnick 1996, p. 55).

At least for the foreseeable future, with its dislocated economy and limited labor mobility, wide disparities in income and economic opportunities will persist across Russia's regions and republics. And virtually all regions will be hard pressed to meet the financial obligations imposed on them by Moscow's abandonment of basic public services. Thus, the most extreme forms of federalism -- wholly autonomous and antagonistic federal subjects -- are dangerous not merely to Russia's economic growth, but also to its overall stability. At the same time, though, given its great geographical diversity and the potential for instability at the center, a unitary government in which federal subjects are mere administrative arms of the center, poses its own dangers. Russia, then, must remain a federation, but one that can also act as a unitary state. This requirement is not paradoxical, for that is precisely the character of a smoothly functioning integrated federation.

It is true, of course, that many of the key Moscow 'engineers' of federal relations dislike the increased reliance on bargaining within the federation, and, thus, they also dislike the Federation's federal political practices. Thus, Aleksandr Kasakov, First Deputy Head of the presidential administration, commenting in November 1996 on the implications of direct election of regional governors, laments that those governors "will not be controlled by the president, government, local legislature, or anyone at all. I try hard to find a single positive element in the very idea of these elections and I can't" (OMRI Regional Report, November 6, 1996). To escape from the escalating pressures of bargaining, Moscow as turned to two things: bilateral treaties with its republics and oblasts, and a strengthening of the powers of the federal center. Neither of these approaches, though, is likely to have the desired consequence.

First, as revealed in its treaties with republics and oblasts, the Yeltsin administration has attempted to resolve all substantive issues directly without using institutions explicitly established to treat federal matters, so that rather than focus on the processes whereby agreements are reached, the focus is on specific policy matters (the treaties, which constitute a part of the constitutional environment, have been prepared in accordance with the President's Decree of 12 March 1996 and bypass the Federation Council. See Valentei, 1996). But a treaty signed with one region only encourages others to follow suit, and leaves the signers to the original agreement with the impression that everything
remains negotiable. Thus, this approach neither prevents nor restricts subsequent bargaining. On the contrary, the opportunity to voice regional demands mobilizes regional elites to negotiate with Moscow to such an extent that even the process of drafting regional constitutions and charters focuses more on bargaining with Moscow than on the design of regional political institutions (Smirniagin 1995).

In addition to treaties with near-constitutional status, Moscow has also negotiated a variety of ad hoc revenue sharing agreements (the contents of which are often not made public so as to not encourage an escalation of regional demands). All taxes in Russia are collected locally, after which the regions remit to Moscow a certain percentage of 'the take.' Subsequently, a share of this money is sent back to the regions in the form of fiscal transfers. Both numbers -- the percentage sent to Moscow and the amount remitted to each region -- are subject to negotiation. The flexibility in these negotiations, moreover, is attested to in the significant variations in their magnitude. For instance, in 1995 the proportion of tax revenues sent to Moscow varied from 0 percent in Yakutia to 49 percent in Moscow oblast to 55 and 60 percent respectively in the Yamalo-Nenets and Khanty-Mansi autonomous okrugs. At the same time, each region's reliance on federal subsidies as a percentage of their budgets ranged between .2 percent in Bashkortostan to 82 percent in the Koryak autonomous okrug. To give meaning to these numbers, the per capita net gain in regional dealings with the center in 1994 varied between +$1,700 and -$410 (Treisman, 1996: 47).

Moscow's second response to the bargaining within the federation is to try to increase its own powers, including a tightening of executive control over elected regional administrators (see, for example, the comments of Sergei Samoilov, Head of the Presidential administration's Territorial Department, in Sevodnya, 4 October, 1996). Paradoxically, though, the more control Moscow can assert, the more pronounced would be the propensity for bargaining. The greater the discretionary authority of Moscow, the greater the need to bargain, and with most economic activity still in the public domain, lobbying the center becomes the only way of accomplishing electorally popular things within the regions. In fact, it is the strong presidential design of the national government that makes such negotiations both possible and effective. Bargaining with a 450 member State Duma, coupled with the need to obtain the consent of other federal subjects in the Federation Council, would be both costly and unproductive, and would at the same time close the door on the secret deals with the center. Negotiating with a single ministry or with a member of the Presidential staff is much easier and more profitable.

Naturally, some readers might object to this summary description of Russian federalism by noting the institutional structure of Russia's upper legislative chamber, the Federation Council, which grants explicit representation to each of Russia's federal subjects and which, thereby, appears to make those subjects a part of the national government. But even here there are reasons for supposing that bargaining -- indeed, confrontational bargaining -- will continue to be the predominant mode of
federal interaction. Although their explicit representation in this legislative chamber makes them a part of the national government, we suspect regions will use their position largely as a currency in their bilateral relations with the government. The first contributing factor here is the multiplicity of subjects (88 or 89, depending on whether one counts Chechnya); the second is the extensive constitutional authority of the President and, correspondingly, of the government. The first factor implies that in any bilateral negotiation, Moscow will necessarily hold the advantage and that coalitions of federal subjects will be especially vulnerable to disruption. If coalitions form at all, their most effective point of organization is, by design, the Federation Council. But here the only effective power of that body is its veto of presidential legislation or its authority, in conjunction with the State Duma, to override a Presidential veto. Vetoes, though, are clumsy instruments of power, are most likely to be used in the context of bargaining that involves both threats and counter-threats, and only occasionally consensus and conciliation.

It remains true, though, that our arguments about the current design of Russian federalism and the prospects for consolidation of this bargaining process would be weak if it relied exclusively on the discussion of the character of the Federation Council or on a survey of contemporary processes and events. First, the character of the Federation Council alone is unlikely to be decisive in determining the ultimate character of federal relations. And second, we cannot yet dispute the argument that contemporary processes and events are anything more than transitional phenomena. In order to look to the future, then, we must look to some other institutional characteristics of Russia’s new political design. Specifically, following the framework set by the theory of federalism outlined in the previous sections, we need to look at the institutional arrangements likely to influence the ultimate character of Russia’s political party system.

Summarizing a discussion we elaborate elsewhere (Ordeshook 1996, Ordeshook and Shvetsov 1995) we begin with the method whereby Russia elects deputies to the State Duma. Although that method bears a resemblance to the German electoral system, as presently constituted, the election law governing the State Duma subverts a critical federalizing feature of the German system -- the requirement that the seats allocated by proportional representation use regional lists, where the regions (Lander) are exogenously defined and where the parties in them have full autonomy in the makeup of their lists. In addition, Russia’s election law encourages an adversarial relationship between central and peripheral party structures by reserving the first 12 seats to a ‘national’ (read: Moscow) list, and diminishes the representative role of Duma deputies by giving control of the geographic definition of the single-mandate constituencies to Moscow rather than the regions. Thus, if the Duma elections play any role in determining party structures and functions, we can only conclude that Russia’s current electoral arrangements will persist in encouraging a top-down party system in which party leaders, centered in Moscow, must continually struggle to command the allegiance of regional and local political bosses, using threats of administrative sanction and promises
of pecuniary gain. Facilitating a pattern that has already begun to emerge, local and regional political bosses, running as independents, should be able to continue to compete successfully against candidates affiliated (and not merely endorsed) with the national parties.

Insofar as those gubernatorial elections are concerned, it is true that direct election of regional governors will take Russia in the direction of developing a decentralized party system. But the encouragement such elections give to the development of intra-regional political competition will be offset by the absence of other visible region-wide elected positions and the temporal discontinuity of the electoral process. Limiting elections to the offices of governor, mayor, and deputies to regional and local legislatures subverts the value of party labels, encourages candidates to focus on personalities rather than on general party platforms, and discourages the development of a symbiotic relationship between local, regional, and national political elites like the one that exists in the United States and Germany.

Finally, although Russia's constitution provides for a directly elected president who might serve as a powerful unifying force for Russia's infant party system, empowering the president to suspend any regional administrative act he deems unconstitutional renders the presidency a constant threat to each region and reenforces the adversarial bargaining character of Russian federalism at the expense of political integration. No president of Russia is likely to be encouraged to govern using the imprecise arts of leadership or to see the need for exerting influence through any organized political party. The temptations to rely exclusively on explicit constitutional authority will be too great if only because that authority is itself so great. This problem is compounded, moreover, by the election timetable and the procedures for electing Duma deputies. That timing and procedures make the Duma election little more than a presidential primary, and rather than encouraging the consolidation of national parties, it encourages their proliferation. Perhaps more importantly, electing half the Duma using national party-list proportional representation allows both the President and the Duma to lay competing claims to an electoral mandate (Ordeshook 1995) and is a well established source of political instability in presidential systems (Jones 1996, Mainwaring 1990). In addition, to the extent that the Duma is a voice of the regions in national politics owing to seats filled in the single-mandate districts, these competing claims to a mandate can only encourage federal relations that rely on bargaining rather than on the integration of elite self-interest.

Russia's institutional deficiencies with respect to achieving an integrated federation, though, are not all concentrated at the federal level. The political institutional structure of its regions and republics is also deficient in this respect. For example, consider the constitution of the Republic of Tatarstan. Although that constitution represents an important step in the introduction of the basic elements of democratic governance outside of Moscow, its primary deficiency is the failure to give citizens a more direct voice in the form and operation of their government. Specifically, the Republic's State Council is directly elected, but much of its work will be done through an indirectly
selected Presidium, which may choose in some instances to avoid consultation with the directly
elected members of the State Council; the constitution provides little protection against the possibility
that a legislative majority will manipulate election laws and procedures to its own benefit; local
soviet s will be directly elected, but their authority can be wholly subverted by, for example, the
Republic government, the President, or as yet unframed laws delimiting the policy prerogatives of
local governments; administrative heads of rayon and city governments will, in effect, be appointed
rather than elected; and the document gives citizens little if any access to its content through
amendment or constitutional convention. From the perspective of the overall design of Russian
federalism, then, the fundamental weakness of Tatarstan’s constitution is that it undermines the surest
protection of regional autonomy -- a nationally integrated political structure. Specifically, it is
strongly supportive of a form of 'boss rule' that is most compatible with a federal form in which
contentious negotiation is required to resolve any conflict.

We emphasize that the issue here for us is not political stability -- we are not predicting that the
Russian federation will prove unstable unless it is encouraged to be a more integrated one. Owing to
its more diverse population, one might offer such an argument for the case of Ukraine. But for
Russia at least, the issue is economic prosperity and the firmer guarantees of individual rights that
we believe an integrated federation offers. And if we are correct in this assessment of the relative
advantages of the integrated form, we need to ask about the institutional reforms Russia can adopt to
encourage an evolution in this direction. Bearing in mind the current bargaining orientation of
federal relations, our goal here is to suggest some institutional adjustments that do not encourage the
further escalation of bargaining demands and which direct the long term evolution of Russian
federalism towards a more integrated form by encouraging the growth of a system of integrated
national and regional parties. Insofar as this second objective is concerned, we are encouraged by the
fact that Russia’s party system is still at an initial stage of development and that even subtle
institutional changes can have profound long-term consequences. Here we can cite three changes.

First, since the charters prepared for most regions are unlikely to prove wholly satisfactory and
will most likely be replaced, we would suggest extending the institution of direct election to
other offices within each region’s executive structure to such offices as vice governor and
regional prosecutor. Such a reform would accelerate the development of regional parties by
increasing the value of party labels and, at the same time, encourage the growth of a cadre of
professional politicians willing and able to compete for higher office.

Second, we should not preclude the possibility that the authority of the presidency is still
subject to change, and if so, we would suggest a diminution of the president’s ability to make
law (by decree) and to abrogate the acts of regional governors. Such authority may be
necessary when the word ‘emergency’ describes an economy, but if and when Russia’s new
economic system matures, those powers are too great. Because any potential instability at the
center threatens stability throughout the federation, those powers can only hinder investment
and the development of efficient market relations -- thereby exacerbating the propensity to rely on explicit bargaining in federal relations. And because any president will find it more efficacious to rely on those powers rather than on the informal ones afforded by ‘leadership’, they hinder the development of a viable and integrated party system as well.

Finally, we would strongly encourage modifications in the current timing of elections. Aside from one-time adjustments in terms of office (arguably, a ‘Russian tradition’), there is no reason why gubernatorial, presidential, and State Duma elections cannot be held simultaneously. We would go further, in fact, and suggest that both gubernatorial and State Duma terms be limited to two years. Contrary to the view of some commentators, Russia does not have too many elections, but too few, especially if we count the number of elected offices and not the number of times voters are called to the polls. Parties develop only if there are elections, and parties of the sort Russia requires will develop more quickly if electoral imperatives sit constantly on the minds of those who hold public office.

We emphasize that to the extent that bargaining is essential to political stability in Russia today, none of these proposed changes directly undermines the opportunity on the part of regions and the center to reach any negotiated compromise. Instead, these changes are designed merely to ‘nudge’ the evolution of parties in the direction of fulfilling a role that presently is unfulfilled by any institution or process. That role is a simple one -- to have the best of both worlds by allowing Russia to act in the federal domain as if it were a unitary state without the need to conduct negotiations with the regions on every general policy measure, but to do so without endangering the rights of its citizens that arguably are protected best in a decentralized federal state.
References:


