February 1999

Federalism in Russia: How Is It Working?

Conference Report: 9-10 December, 1998

This conference was sponsored by the National Intelligence Council and the Bureau of Intelligence and Research of the US Department of State. John Battilega of the Science Applications International Corporation served as rapporteur. Additional copies of this conference summary can be obtained from the office of National Intelligence Officer for Russia and Eurasia, which can be reached at (703) 482-6297.

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Conference Highlights

On 9-10 December 1998 the National Intelligence Council and the State Department Bureau of Intelligence and Research jointly sponsored a conference that examined the current state of federalism in Russia. The conference consisted of 22 presentations from experts outside the government, interspersed with general discussion between the experts and government attendees. The agenda focused separately on global experiences with federalism, current institutional arrangements between the center and the regions, current political interactions between the center and the regions, and Russian regional views on federalism. The final session featured a competitive analysis of the case for and against disintegration. John Battilega of the Science Applications International Corporation served as rapporteur.

Conference participants did not endeavor to produce a coordinated summary of findings. Nevertheless, most participants seemed in agreement on some major issues. In addition, during the presentation and discussions, there emerged a number of points that seem particularly salient in evaluating the state of federalism in Russia. These highlights summarize those areas of agreements and especially noteworthy points, but, except as noted, should not be considered as necessarily representing the views of the conference as a whole or the conference organizers.

- Russia today meets the classical definition of a federation by its inscription of that principle in the Constitution (as opposed to a decentralized system such as China where the center can unilaterally and legally take back powers it had once given away). But if

the Constitution is amended to make governors appointed by the center rather than elected, as is being proposed by some, Russia would revert to being a unitary state.

- Successful federalist systems have traditionally arisen on the basis of historical characteristics and predispositions that were consistent with the federalist form of governance. Russia does not have these. Moreover, Russia is developing its new system of center-region relations at the same time it is forming a new governmental structure, is shifting to a market economy, and is attempting to create new political, economic, and social systems. Consequently, it will take a long time for Russia to work out its own effective form of federalism.

- One expert also pointed out that any federal system is in a continuous process of evolution, and Russia should be viewed in that context.

- Federalism is inherently messy, and Russia's difficulties in dealing with it put it closer to the norm of other federal systems in the world. It is the deeply rooted US system that is the exception because federalism was invented in the United States and has become ingrained. Still, Russia is neglecting the important part that the judiciary must play in the development of federalism. It has tried to resolve issues in longish documents (for example, the Federation Treaty of 1992, the Russian Constitution, and the bilateral treaties) instead of developing a court to deal with future problems that no one can envisage today.

- The governors are playing a decisive role in center-regional relations, but they are very diverse in terms of their views. Given the extent to which regional lobbying defines the institutions of Russian federalism and the mindset of its principal actors, it is likely that there will be a continuation of a bilateral negotiating game between regions and the center.

- Personal relationships and deals are much more important to governors in getting things done than is legislation. Loud threats of "fiscal secession," however, are not genuine but are rather attention-getting protests by governors who feel they are not getting their proper share of funds.

- A complicating factor in Russia is the expectation that the center should play the role of social equalizer as well as maintain a superpower military. But the share of GDP collected by the center as taxes is declining--down to 10.4 percent in 1997, as compared to 17.9 percent in 1992. The center does not have the money to fulfill what is expected of it.

- Some in Moscow argue that Russia is not actually 89 viable pieces but approximately 20 or so with clearly distinguishing characteristics. They favor recasting Russia along those lines not only for economic reasons but because they think this would make for a simple and more effective federalist system. The impact of such a restructuring on federalism is questioned, however, by others, and in any event it is unclear how it could be done in practice without breaking up the country. Moreover, a majority of governors are against such an action.

- National political parties, which are only embryonic in Russia, are important centripetal forces that help offset centrifugal tendencies in federal systems.

- The coming elections will affect the evolution of federalism. The campaigns for president will most likely divide the regional elites. Only after a new president is elected will it be possible to effectively address many center-regional issues. If the new president also

leads a party that holds a majority in the Duma, progress in resolving various issues could accelerate.

- The thrust of opinion was that Russia would not disintegrate, that is, split into two or more parts in such a way as to destroy the Russian state as we have known it in history. In the competitive analysis on the prospects for disintegration, the case " for" rested entirely on the center collapsing through incompetence and some regions concluding they would be better off on their own. This argument was rejected by most participants.

- Several experts viewed the lack of viable economic alternatives as a factor working against separation. Foreign economic alignments for seceding regions are not likely, nor is significant foreign investment.

- Presenters on the regions, however, warned that, while the regions do not want to secede, the ball is in Moscow's court, and Moscow could stir up problems through ill-considered actions. One regional scholar, for example, pointed out that, while the some 50 asymmetrical and not fully transparent bilateral center-region treaties are not ideal and in some cases may not be working too well, they nevertheless reflect today's realities: any attempt to undo them would be courting trouble.

- Despite their parlous financial state, the elements of the power ministries (Army, Federal Security Service, and Ministry of Interior) stationed in the regions have not been suborned by regional authorities. One scholar asserted that the FSB is intimidating governors by putting some of their deputies and even relatives on trial for alleged financial fraud.

- Besides Chechnya and Kaliningrad, whose secession would be troublesome but not fit the definition of disintegration above, the area to watch is the Russian Far East, primarily because of its remoteness from Russia's other economic zones.

- State failure cannot be excluded, but it could result in widespread anarchy without actual disintegration.

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Section One

Opening Remarks

John Gannon, Chairman, National Intelligence Council

This conference is the latest in a series sponsored jointly by the National Intelligence Council and the State Department Bureau of Intelligence and Research. It is especially timely. Whither Russia and the future of Russia as a federalist state are everyday topics and encompass a complex set of issues. It is important to consider the issues in their entirety and to consider alternative outcomes. It is important to understand both the process by which federalism is forming in Russia, and it is equally important to understand why and how that process may fail.

This conference draws together a set of experts on the major underlying factors to discuss and dialogue in order to promote a greater understanding of the issues and of potential outcomes. The conference begins by addressing the general topic of federalism as it is practiced globally in order to develop a better foundation for understanding the circumstances of Russian federalism. The second session focuses on how Russian federalism seems to be actually working in practice. The third session examines the political interaction between the center and the regions, followed by a fourth session focused on Russian regional views on federalism. The final session features a competitive analysis to explore and discuss the possibilities of further disintegration.

It is our intent that the conference feature discussions and insights from all participants and a critical examination of the many complex issues associated with Russian federalism in the context of the Russian transition. For that, we are fortunate to have in attendance, both from within and outside the government, experts on all facets of this situation. The conference report that will summarize the deliberations will be extremely useful to both policymakers and analysts.

Section Two

Federalism in Practice: A Comparative Approach

George Kolt, National Intelligence Council (Chair)

When considering Russia today, two major questions concerning its future often come up. The first, and splashiest, is whether Russia is going to break up. The second question, and in my view the more important one, is the underlying question about how regionalism in Russia is actually working today. In this conference we will put the emphasis on that second question and, from that basis, explore the first question in our last session via competitive analysis of the alternatives.

To set the stage for the detailed examination of regionalism in Russia, the first session puts the Russian situation in the more general context of global federalism. Experts will address the experience of other countries that are dealing with the problems of establishing viable center-region relations. The first speaker will present a structural examination of federalism as it has evolved globally; subsequent speakers will address center-region relations in Germany, China, Nigeria, and Brazil. Our commentary will draw on these examinations to highlight some of the challenges facing Russia.

Douglas Verney, University of Pennsylvania: *Issues of Federalism*

Federalism is a form of government that differs from unitary forms of government in terms of the distribution of power between central and subnational entities, the separation of powers within the government, and the division of legislative powers between national and regional representatives. Federalism is a very familiar American concept, having been first invented in Philadelphia in the 18th century. In the United States, federalism is more than a form of government--it is a full concept of operations found abroad only in Switzerland.

There are lesser forms of federalism in other countries, and those forms can be divided into parliamentary federalism (for example, Canada), and presidential federalism (for instance, the Latin American countries). A true federation has both a distribution of political power specified in the constitution and a direct relationship between political power and the individual citizen. A new form of federalism--executive federalism--is also emerging in which major constitutional issues are decided by executives instead of by legislatures. Other emerging features include constitutionally specified representatives of local governments and three tiers of representation. Russia currently does not fit well into any existing category, with the Russian form of federalism still developing as a part of the Russian transition.

Carl Lankowski, American Institute for Contemporary German Studies: *Federalism in Germany*

Federalism is working well in Germany, probably because of several important historical characteristics that preceded the founding of the Federal Republic in 1949--a socially and culturally homogeneous population, a tradition of federalism going back several centuries, a strong sense of nationalism, and institutional experience with federal processes. World War II attenuated strong regionalism and resulted in a social leveling stemming from massive movement of the German population. The war experience also provided strong incentives for the creation of a system of checks and balances to prevent dictatorship in the future.

Constitutionally, Germany is a parliamentary state that has fusion between the functions of the executive and legislative branches, and a cooperative and interwoven distribution of executive, legislative, and judicial powers among three levels of government. There is a fixed revenue-sharing system specified in the Constitution and a true multiparty system that makes gridlock a distinct possibility on contentious issues. At the same time, the size and scope of German entitlement programs has led to executive federalism on some issues. The 1990 reunification created financial strain because of the large resource requirements of the former East Germany, and the membership of Germany in the European Union may create additional federalist issues, since some of the provisions of the EU actually contradict specifications of the German Constitution.

Joseph Fewsmith, Boston University: *Federalism in China*

China does not have a federalist system of government--it has no constitutional division of power. At the same time, issues of center-regional relations go back several thousand years. In 1978, China started to deliberately decentralize to promote economic development and political unity. China's economic decentralization appealed to several favorable characteristics that differentiate China from the

Russian situation: China's economy had been decentralized to varying degrees since 1957, China's centralized economic plan covered only about 600 products (vice about 20,000 Soviet products), and China had a large rural sector with an underutilized labor force.

Decentralization has been a major factor in China's economic growth over the last decade. Some believe that this has created a de facto federalism that, once formalized, will lead to future Chinese democratization. Others believe that decentralization has created pressures that could lead to fragmentation. The Communist Party has provided a unifying force to date that has kept center-regional relations under control. At the same time, the Chinese leadership is aware of the pressures and potentials and is taking steps to try and restore greater control over the regions, although it is difficult to renege on powers once delegated. The more decentralized economic system has also created problems. Local control over the banking system has resulted in local investment priorities and more effective collection of local than of national taxes. Some have suggested that China will eventually formally institutionalize a federal system. This seems unlikely, given China's long history of political power. At the same time, a better and more institutionalized relationship between the center and the provinces could lead to a de facto federalist system that might help China resolve problems with Tibet, and perhaps even Taiwan.

John Paden, George Mason University: *Federalism in Nigeria*

In theory, Nigeria is a three-tier federation, with local, state, and federal levels designated by federal law. Nigeria has seen itself as a federal structure since its transition from colonialism in 1960, although it has undergone periods of parliamentary and presidential federalism, followed by military centralized rule, and, most recently, efforts to transition to a civilian rule. Nigeria as a nation is an extremely complex structure, being comprised of 250 to 400 ethnolinguistic communities distributed throughout 36 states but grouped into six natural geocultural zones that are increasingly becoming a key element in the federal structure. The country is about half Muslim and half Christian and has an oil economy. Nigeria does not yet have an approved constitution. With six geocultural zones, it is difficult to ensure power-sharing in a democratic system in which the dominant geographic groups from the northern states can form coalitions with selected others. Current plans, however, are for a rotational principle that rotates six key executive/legislative offices among the zones for a five-year tenure.

Revenue-sharing difficulties revolve around three points: the relative proportions of federally collected revenues that should be assigned to the center; the appropriate formulae for distributing the central revenues among the states and localities; and the percentage of federally collected revenue that should be returned to the oil-producing states and communities. The most difficult challenge of transition from military to civilian rule may well be the shift from centralization to decentralization. Federalism may erode into a confederalism that in turn may lead to pressures for partition or secession. Fortunately, the focus on horizontal federalism across the 36 states and/or six geocultural zones has resulted in a general political culture of acceptance of the idea of equality of units in terms of access to political power. Nigeria, as Russia, is committed to federalism, but without the practical experience of devolution required to avoid the dangers of succession. At the same time, Nigeria has several indigenous traditions that, in effect, were profederalist models and a British pragmatic concept of experimentation.

David Samuels, University of Minnesota: *Federalism in Brazil*

Brazil and Russia have much in common. They both are large countries, have rich/poor disparities, and have current problems with organized crime. Both countries have been unable to solve severe macroeconomic and fiscal problems, have lagged in aggressive political and economic reform, have strong presidential institutions with difficulties enacting legislative change, and have a fragmented party system.

In Brazil many of the difficulties stem from several key elements of the federalist system that constrain presidential initiative and contribute to policy gridlock: a symmetric bicameralism in which the strong Brazilian senate forces the president to explicitly consider a regional balance of partisan forces, severe malaportionment and regional disparities in the legislature, a Constitution (the second longest in the world) that embeds many policies and procedures that other countries treat via ordinary law, a very high share of fiscal resources that remain with the subnational governments, very strong gubernatorial positions coupled with strong propensities for political leaders to seek gubernatorial vice national careers, and an extremely poor nationalized party system. This form of federalism has seriously constrained reform efforts by the national government. Given the strength of state interests within the national congress, the balance of forces in terms of intergovernmental relations in Brazil is unlikely to change in the near future.

Blair Ruble, Kennan Institute for Advanced Russian Studies, *Commentator*

Currently, in non-US countries, the issues of federalism are focused on real, and big, political issues that determine the relationship of the individual to the state. The important thing to contemplate is how to interpret global experiences with federalism in terms of the situation in Russia, to consider what has to happen for federalism to work in Russia, and to think about what will happen if it does not. There is a great deal of ambiguity in the Russian situation.

Historically, Russia has been a "tribute" state, with a strong impulse toward centralization. Moscow dominates Russia in a way that no other central government dominates its regions, and the party lists guarantee that Muscovites will get elected. The president has too much power, and it will be important to obtain a functioning system of checks and balances in the face of a strong impulse toward centralization. Indicators of countervailing forces in Russia will include competitive elections, a functioning central state that can distribute revenue, and a functioning court and legal system to define and enforce a process for dealing with conflict. Russia is not yet a federalist state, but it is evolving to become one.

General Discussion

In many of the countries discussed, there was a historical foundation for federalism and social prerequisites, with entities that freely bound themselves together. This is not the Russian experience. In Russia all regions view federalism as a zero-sum game, and many regions do not want to get together and compromise. One expert argued that the regions really want to stay a part of Russia and asked rhetorically where the funds would come from to support a separated region, given the very poor climate for foreign investment. In other countries, factors that have caused regions to bind together include a common perception of an external military threat, civil wars that have not resolved internal problems, and an expanding internal market. Most recently, the computer revolution, with information readily available, has been a countervailing factor to recentralization (for example, China and India). Taxation systems and how they evolve will be an extremely important indicator.

So far, the Russian transition has shown that, unless there is a legitimate enforcement mechanism, taxation and legal structures will not work. One individual also pointed out that functioning courts and laws have historically arisen over a long period of time from stable political systems. It was also suggested that any federal system is in a continuous process of evolution, and so Russia should be viewed in that context.

Section Three

How Russian Federalism Is Working in Practice

Jack Sontag, US Department of State (Chair)

This session will examine current Russian federalism and discuss how it seems to be working in practice. The presentations concentrate on Russian institutional relationships, their current structures, and the possibilities for the next generation of evolutions. The first part of the session focuses on institutional arrangements between the center and the regions; the second part examines their political interactions.

Part One

Institutional Arrangements Between the Center and the Regions

David Triesman, University of California at Los Angeles: *Financial Arrangements*

Over the last several years, the Russian Government has experienced a decline in federal tax revenues. In 1992 the federal tax revenue was about 18 percent of GDP; in 1997 it had dropped to 10.4 percent. During this same period, the revenue distribution to the regions exhibited a pattern of decentralization, followed by slight recentralization, and then more decentralization. In 1992 about 40 percent of the federal revenue was returned to the regions, increasing to 55 percent in 1993, dropping to 50 percent in 1995, and increasing again to 55 percent in 1997. In 1993-94 the regions were making greater cries for sovereignty, and the center was responding to the pressures.

It is important to note that agreements between the center and the regions have stabilized the revenue flow in the larger regions (for example, Sakhalin, Bashkortostan, and Tatarstan), but revenues have been falling in the smaller regions. The federal tax share from 1995 to 1997 was falling the fastest in Yamalo-Nenetsk AO, Lipetsk, Taymyr AO, Karelia, Khantiy-Mansiysk AO, Vologda, Magadan, Murmansk, Vladimir, and Irkutsk. These, for the most part, are northern regions. The center is trying to use fiscal policy to affect the regions politically and has in place a treasury system to transfer the funds; this is getting harder to do, however, because the center is collecting decreasing amounts of revenues. Another basic problem is how to get the profitable regions to subsidize the unprofitable regions. The drop in global oil prices is also factor, since this affects basic revenue flows into the oil-rich regions.

Peter Stavrakis, University of Vermont: *Big Business and Banking*

The recent financial crisis has resulted in the closure of over 1,600 banks, at least temporarily. 141B rubles are required for bailout, which the government does not have. By the time this situation is eventually sorted out, about half the banks will be permanently closed. Because of Russian banking accounting practices involving double and triple bookkeeping, it is difficult for the government to determine which are the strategically important banks. At the same time, the state has a strong incentive to do so and an opportunity to recapture control of the banking industry from the oligarchs.

In the regions, many banks are in better shape than in Moscow, since they participated less in the national pyramid schemes and stayed focused more on the local productive economy. The regional governors also recognize the banks as key financial instruments and are working to develop separate bases for financing, especially by more direct foreign investment. Moscow at the same time is working to prevent direct foreign financing of the regional banks. The new Director of the Russian Central Bank, Viktor Gerashchenko, is using his position to centralize Moscow's control over financial institutions. This is also a major objective of the Agency for Restructuring Credit Institutions, created specifically to manage reforms in the financial sector.

Dale Herspring, Kansas State University: *Military Relations*

The situation in the Russian military has been deteriorating rapidly. Discipline has collapsed, pay is three years in arrears, equipment is antiquated, the budget is funding only 40 percent of what is needed, morale and readiness are at an alltime low, the officers and NCO's are leaving in droves, and the general officers have become politicized. Military reform plans are meaningless because there are no funds to carry out the needed changes. It is interesting to think about the possibilities of a military coup to restore control in Russia, but for it to be successful would require an effort without resistance. With any significant opposition in Moscow, civil war is likely. This is because the military no longer has any of the characteristics associated with a well-structured military institution--it is no longer cohesive, and it lacks stability and predictability. At the same time, regional authorities are trying to court the military, and troops are dependent on the regions for food and fuel supplies. So far, the military does not appear to be acting autonomously from central authorities, but the situation is clearly moving in this direction. It seems unlikely that the military would initiate regional devolution; however, it may well split along regional lines under pressure. If the military collapses, hungry soldiers may also gravitate either toward the mafia or to criminal gangs. In fact, criminal activities on the part of both soldiers and officers has reached epidemic proportions.

It is becoming increasingly difficult to think of the military as a single institution. Instead, it is a body that is gravitating toward several militaries, with the most probable outcome being a form of military-supported warlordism from the regions. At the same time, it is important to remember that the military is a key part of Russian society and, as such, reflects conditions in society at large. The breakdown of central control within the military may not be currently as advanced as in the rest of society, but it is moving in that direction. The more Russia moves toward chaos and collapse, the more it will be reflected in the military, and the more it will raise the specter of civil war or further disintegration. The military is no longer a bulwark of Russian society, and a key question is whether the military will become a major part of the problems of the Russian transition rather than an element of the solution.

Timothy Frye, Ohio State University: *Judicial System and Police Functions*

A survey was conducted in 1996 to assess the degree to which the racket in Russia was actually functioning as a substitute for the judicial system and police functions. The survey was conducted in three citiesMoscow, Ul'yanovsk, and Smolensk. The term "racket," for the purposes of the survey, could range from organized crime to local economic associations or other organizations not associated with the local police or judicial system. The survey targeted shopkeepers and other similar enterprise owners.

The findings indicated a positive relationship between predatory regulation and contact with the racket, with the racket functioning as a substitute for the local police function, but less so for the court system. One conclusion is that, given the tax share they actually receive, local governments do have not incentives to provide the necessary services to shopkeepers; at the same time, economic liberalism is working because the shopkeepers are turning to the racket to satisfy their economic demands.

General Discussion

The discussion centered around two main topics: the importance of credible institutional arrangements and the Russian military. One expert argued that legal, legitimate, and functioning institutions have to be there for federalism to work. At the same time, the institutional arrangements that Russia inherited from the Soviet Union are decayed, and it is difficult to make the necessary transition to federalism. Another expert commented that institutionalization also depends on expectations, and there is a strong disconnect between current expectations in Russia and what the state can actually accomplish. There is a continuing disintegration of authority. It is important to have respected institutions--for example, the armed forces and the reserve banks--but these are not currently there.

The military discussion focused on the degree to which the armed forces may be shifting allegiance. Russia has no experience with localized military, but the regional authorities are clearly using general officers for local political purposes. At the same time, although the military is under great stress, the military leaders are not confused about where their allegiance lies--it is to Moscow. There is only limited anecdotal evidence to support a military devolution toward warlordism.

Part Two

Political Interaction Between the Center and the Regions

Nikolay Petrov, Carnegie Endowment for International Peace: *Federal Power in the Regions*

Russia currently exhibits more a character of competitive feudalism than competitive federalism. All federal structures are dependent on the regions. The disintegration that is under way is due, not to separatist desires, but because the center is not adequately taking care of regional needs. The governors are playing a decisive role in center-regional relations, but they are very diverse in terms of their views.

The regions are faced with a very complicated set of problems and are facing the end of the Yel'tsin regime without a clear idea of what comes next. At the same time, Primakov has indicated that he will start to pay more attention to the needs of the regions. There appear to be two possibilities for Russia: either the country will disintegrate in a soft way or delegation of authority to the regions will be greater.

Darrell Slider, University of South Florida: *Regional Influence on National Politics*

Russia's 89 regions have played an active role in shaping the existing system of federal relations. The principal institutional framework for this influence is the upper house of the national assembly, the Federation Council. Although this institution could provide a mechanism for checks and balances between the center and the regions, in fact, so far the Federation Council has most often acted to disrupt the development of a normal federation by seeking to retain and expand regional powers far beyond that envisioned in any federal system. Moreover, the members of the Federation Council have purposely created gridlock in the legislative process in order to stall legislation that would encroach on their considerable powers.

In the absence of federal legislation, regions are allowed to pass their own laws on any given policy area. The goal pursued by most regional leaders is to preserve the current informal system that distributes power and resources on the basis of individual lobbying of central government officials. Given the extent to which regional lobbying defines the institutions of Russian federalism and the mindset of its principal actors, the most likely outcome will be a continuation of a bilateral negotiating game between regions and the center. Thus the prospects for the emergence of a genuine, effective federal system are remote for the foreseeable future.

General Discussion

Federations with national parties have fewer problems, and those have not yet developed in Russia. It takes time to form effective national parties (for instance, the United States had such a problem in its early days). There also need to be institutions and activities that promote cross-regional coalitions--for example, repeated presidential elections. One expert pointed out that some of the problems of center-regional relations in Russia look a lot like what is happening in Europe between the EU nations or between the subnational entities and the host countries. At the same time, another expert remarked that West European countries, by comparison, generally do not have presidents or strong parties, but they do have more law focused on the people's interests and a functioning court system to enforce that

law. Finally, there was a call for taking the long view on what is happening in Russia, considering a range of options and understanding how those options might come about and what they would probably mean in practice.

Section Four

Russian Regional Views on Federalism

Peter Clement, Central Intelligence Agency (Chair)

The topic of regional views on federalism is currently of great interest. It is important to better understand how the regions view federalism, their relationships to the center, and their relationships to each other. Seven presenters will examine these issues in nine different regions.

Marjorie Mandelstam Balzer, Georgetown University: *Republic of Sakha (Yakutia)*

Leaders of the Sakha Republic are searching for negotiated compromises with Moscow authorities that would represent an asymmetric federalism. Leaders and citizens feel let down by the lack of support from the center, for example, during the major Lena River flood of 1998. Recent economic crisis has exacerbated already serious problems with the nonfulfillment of the 1995 Bilateral Treaty. People see a direct correlation between their lack of salaries and the manipulation by the center of gold and diamond deals with foreign companies, particularly De Beers. The Sakha heads of Almaz-Rossiya view their company as stimulating long-term investments in the republic and also the Federation as a whole. In political terms, Sakha President Nikolayev initially had a personal, patron-client friendship with President Yel'tsin, but that has declined. Nikolayev is popular and populist, a legally elected president. He can ill afford to be an "ethnic entrepreneur," stirring Sakha nationalism in a republic where the Sakha are only about 40 percent of the population. A few opposition movements, or proto-parties, are forming--active in the Sakha parliament, the Il Tumen, and in preparation for upcoming presidential elections. My Yakutiany (We Yakutians) and Novaia Yakutia (New Yakutia) are each focused on creating a sense of multiethnic loyalty to the republic as a whole, not to just the titular ethnic group. Identity in the republic is multileveled: to local communities, to the international North (Northern Forum), to Asia (Japan and Korea), and to other Turkic republics (Tatarstan, Bashkortostan, and Turkey).

Within Rossiya, Sakha prefer far more than two unpalatable choices, recentralization or disintegration. Asking neither for their own army nor for their own currency, they expect to keep their internal borders. Novaya Yakutia politicians explain they could contribute more taxes to the federation if they were allowed to develop the republic's mineral wealth. They call for mutual respect, beyond the politics of federal paternalism and Soviet legacies.

Ildus Ilishev, US Institute of Peace: *Republic of Bashkortostan*

The Soviet state was founded as a supranational entity. Federalism was viewed as a transitional form that would, within a short period of time, transform the traditional cultural, language, and religious identities of several scores of nations into a single and uniform Communist identity. Currently, the main questions are what foundations the renewed statehood will be built upon and whether new forms and principles can be developed for numerous ethnic groups to coexist. Bashkortostan, with 4 million people, is rich in natural resources and is second in industrial potential in the Ural economic area. In 1919, Bashkortostan was the only republic founded on the basis of a bilateral treaty. The republic negotiated a bilaterial treaty with the Russian Federation in 1994. The treaty provides for the maximum development of self-government in all elements of power. The role for the center is largely restricted to securing the unity and integrity of

society, with regional governments entitled to own their material resources and to decide independently on all matters within their jurisdiction. To Bashkortostan, a treaty is a confirmation of a special legal status, sovereignty, and recognition of the right to independently solve issues related to local property, budget, legislation, judiciary system, and foreign trade.

Even though the best theoretical federalism for Russia is a constitutional federalism, a treaty-based federalism reflects current realities and is the only possibility for the compromises necessary to reflect individual differences between the regions. Treaty-based federalism will work until active secession becomes imminent, which is not the current case: the majority of the people in Russia want to live in Russia--their home. Baskortostan is making efforts to build a federation that would meet the interests of scores of different nations and peoples, ethnic groups, and communities within the new Russia. In fact, the Russian Federation is already functioning as an asymmetrical federation, and the only way to keep the Federation together is to ensure a constitutional recognition of its asymmetric composition.

Elise Giuliano, University of Chicago: *Republic of Tatarstan*

The Tatarstan formulation of federalism is "strong center, strong regions." As the ethnic homeland to Russia's largest non-Russian ethnic population, Tatarstan was the first republic to lead a serious nationalist challenge to the integrity of Russia. In 1994 it was the first republic to sign a power-sharing treaty with Moscow, which became a template for center-regional agreements throughout the Federation. After 1994, Tatarstan changed its focus from increasing its political autonomy to increasing its economic autonomy, and especially to attracting investment. It passed a law allowing foreign ownership of land and tax breaks for joint ventures with foreign partners. Tatarstan has concluded trade agreements or joint ventures with 80 countries and is one of the few Russian regions that has entered the international arms market as an independent entity outside of Russian participation. Tatarstan has also been deliberately establishing relations with the newly independent states and with the other regions within Russia. At the same time, Tatarstan would like the structure of the Russian Federation to remain just as it is and vehemently opposes a change in status or a redrawing of boundaries for any regions, including its own. Its recent political interactions with the center demonstrate steady attempts to increase or maintain its autonomy, tempered by a commitment to stay a constituent member of the Federation.

Tatarstan continues to set trends in its economic and political relations with the center and with foreign countries by taking on responsibilities without waiting for Moscow's permission. Tatarstan has positioned itself as a model for the other regions, and, via its actions, is defining what it means to be a successful region, creating expectations for both itself and for the other regions. Moscow is paying attention. Currently, Tatarstan has issued very strong statements concerning the possible unification of Russia and Belarus. President Shamiev has stated that, if Belarus unifies with Russia, he would take this opportunity to renegotiate the status of Tatarstan so that the republic would have equal status with Belarus. Tatarstan, therefore, continues to lead the challenge that the regions and republics represent to the federal center.

Dmitry Gorenburg, Harvard University: *Republic of Khakasiya*

Khakasiya, with a population of 600,000, of which 11 percent are ethnic Khakass, was organized in 1930 as an autonomous oblast that was a part of Krasnoyarsk. It is a wealthy region, rich in natural resources. It contains the largest hydroelectric dam and a major aluminum plant in Russia. Khakasiya became a separate republic in 1991, leading to a period of tension with Krasnoyarsk. Because of conflicts with the central government, Khakasiya did not begin to negotiate a bilateral treaty with Moscow until 1996, eventually signing it in 1997. Its nationalist movement has never been very strong, even though in 1998 the government announced that all schools would teach the

Khakass language. Khaksiya has always seen itself as a constituent part of Russia: its Constitution does not even mention the republic as a state within Russia, instead referring to itself as a subject of the Russian Federation.

One key impact of Khakasiya on the structure of federalism came from its precipitation, as a result of the registration of Aleksey Lebed as a candidate for governor, of a decision as to whether the federal government had authority over local election laws. Lebed did not meet the seven-year residency requirement. In June 1997, the RF Constitutional Court ruled that local residency requirements over one year were unconstitutional, setting the stage for the eventual Lebed victory. The relationship between Khakasiya and Krasnoyarsk has smoothed since the election of the Lebed brothers as governors of the two regions. Khakasiya also has taken active part in cooperative agreements among Turkic republics, although limited by not being Muslim. At the same time, Aleksey Lebed recently instigated a tax revolt against Moscow, declaring after the financial crisis in August 1998 that Khakasiya would cease transferring funds to the federal budget. Khakasiyan attitudes suggest that the formal disintegration of Russia is not likely but also that a continued process, and eventual institutionalization, of decentralization is needed as a road to stability.

NikolayPetrov, Carnegie Endowment for International Peace: *Krasnoyarsk*

Krasnoyarsk is an extremely important Russian region. It is the second-largest region in Russia, is four times the size of France, is 3,000 kilometers long ranging from the Arctic to the southern border, and forms a wide belt dividing eastern and western Russia. The region is well known and well represented in Moscow and is a former major military-industrial base. Aleksandr Lebed was elected governor under an election organized under federal law to remove the residency requirements. There is a spectrum of political parties represented in the region, but none sufficiently coherent to provide organized opposition to Lebed. Local laws on government and on impeachment provide controls on Lebed's power.

The size of the region also presents internal governing problems. For example, the mineral-rich revenue-generating northern city of Norilsk is combined with many lesser towns up to 1,500 miles southward under a single Duma representative in Moscow. Lebed's activities inside the region are focused on trying to introduce new mechanisms designed to make Krasnoyarsk a model for all of Russia. Externally, Lebed's political party has a few active and influential political supporters in each of the other Russian regions, all promoting the possibilities for regional cooperation.

Svetlana Tsalik, Stanford University: *Sverdlovsk and Novosibirsk*

Sverdlovsk and Novosibirsk Oblasts offer a good litmus test of developments in Russian federalism. Both were pillars of the Soviet military industrial complex and with the end of the Cold War have suffered above-average rates of decline in production. Both are centers of learning, are financial capitals of their macroregions, and have current governors that were dismissed by Yel'tsin after the events of October 1993 for defying Moscow. In the past, the two regions have been leaders in their respective macro-regions--the Urals and Siberia. Moreover, in both regions, the ousted governors were reelected not only as governors but also as heads of their respective regional economic associations. Despite strong similarities in the structure of their economies and in their political histories, the two regions have had markedly different rates of success in getting Moscow to respond to their needs. Principal grievances fall into four categories: center debt to the regional defense sector; center debt to the overall regional budget; devolution of expenditures to the regions (especially for higher education, hospitals, pharmaceuticals, and culture) without corresponding transfer of tax funds; and the appointment of federal officials in the region.

The principal differences in achieving successful resolution of grievances are due not to structural factors within the regions but rather to significant differences in the leadership style of their respective governors. Rossel, in Sverdlovsk, has been able to demonstrate his loyalty to Yel'tsin and has been rewarded not only with fiscal concessions but also with leeway to bypass federal law. Mukha, in Novosibirsk, has not demonstrated strong support for Yel'tsin and, as a result, Moscow has turned a deaf ear to Novosibirsk's grievances. In the aftermath of the recent financial crisis, it is also clear that the relationship between the center and the regions should not be viewed as a zero-sum one. In fact, when Moscow gets weaker, the regions weaken too. In the current context, since the central government is unable to fulfill its budget obligations to the regions, Moscow may prefer letting them fend for themselves, even if they bend federal law to do it, rather than facing outrage and social protests if Moscow tried to strongly enforce the law.

Mikhail Alexseev, Appalachian State University: *Primor'ye*

Westernization through the Pacific gateway has been a historical aspiration of political elites in the Russian Far East. Communist rule was historically a major obstacle. Since the collapse of the Soviet Union, key political actors have had high economic incentives for integration with the Pacific Rim economies at the expense of economic ties to Moscow. Internationalization promised larger incomes from raw material exports, higher transit fees, more foreign investment, and modernization. At the same time, remaining under Moscow's rule entailed higher electricity, transportation, and export-import tariffs; unpaid wages; power shortages; a defense burden; environmental damage; and redtape.

In spite of these apparent advantages for separation, Primor'ye's regionalists have failed to develop enduring concepts of political institutions that are distinct and separate from those in the rest of Russia through which local elites could rule the region independently from Moscow. The Far Eastern Republic Freedom Party has enjoyed only marginal public support, and competition among major Russian political parties in Primor'ye has not focused on separatism. Without a political ideology of his own, Governor Nazdratenko's strategy toward Moscow has been one of tough bargaining to secure economic interests for his key constituency in Primor'ye, made up primarily of industrialists and ex-party apparatchiks. Nazdratenko's threats that lack of funding in Moscow would result in a mass proindependence movement in Primor'ye have failed to materialize, despite opportunities arising from the hard-hitting economic crisis. Unless new conditions give rise to new elites with a different perception of Primor'ye's economic incentives and regional identity, an independent Maritime Republic will be a hybrid between a specter and a mirage. This situation also suggests more broadly for Russia that, absent a separatist political ideology in a region, political strategies are more likely to devolve into bargaining with the center over better terms of staying in power within existing institutions.

Robert Orttung, East West Institute: *Saratov and Nizhniy Novgorod*

The current governors of Saratov and Nizhniy Novgorod represent two very different case studies in attitudes toward Russian federalism. In Saratov, Governor Ayatskov, one of the most prominent regional leaders, supports a strong center. He does not advocate enlarging the regions, nor does he favor an asymmetric form of federalism. Personal motivations form a strong part of his rationale: he openly aspires to be prime minister of the Russian Federation. He did sign a power-sharing agreement with Moscow on 4 July 1997, while at the same time being generally critical of such treaties because they exacerbate inequalities. Although he resents granting privileges to individual republics, at the same time he also does not always follow the lead of the center in terms of his actions within the Saratov Oblast. He is not popular with many other governors of the Greater Volga region, who resent his efforts to try and make Saratov the capital of the region.

In Nizhniy Novgorod, Ivan Sklyarov succeeded Boris Nemtsov in 1997. Nemtsov had transformed the region into a showcase of reform. Sklyarov considers himself a social democrat who rules in the style of Moscow mayor Yuriy Luzhkov, with whom he has generally maintained close ties and explicitly backs. He is a popular governor and works well with the other regions. He avoids controversial comments on the federation structure but advocates devolving federal power to allow the regions to better coordinate local actions of police, tax police, and bankruptcy agencies. He also ignores federal laws when it is expedient to do so.

Section Five

How Real Is the Danger of Disintegration?

George Kolt, National Intelligence Council (Chair)

The last session before the general discussion will explore whether the danger of disintegration is real or not. This will be done by the analytic method of competitive analysis. Without assigning probabilities of disintegration, one paper, presented by Alexandr Nemets, will take the position that disintegration is likely. A second paper, by Thomas Graham, will present the view that disintegration is unlikely. In both cases, the presenters have been asked for analytic purposes to interpret events in Russia from their respective competing points of view. Neither necessarily represents a forecast, but rather an interpretation that provides data for a general discussion of the topic.

Before the general discussion there will also be a special presentation by Andrey Fedorov from the Russian Council on Foreign and Defense Policy in Moscow. He will discuss the results of a recent special report on Russian federalism that will be the basic document for meetings to be held in February between the center and the regional governors.

The Prospect of Disintegration Is Significant

Alexandr Nemets, Science Applications International Corporation

(Abstract) The overall situation in Russia has deteriorated to the point that separation is becoming the only way of survival for many of the regions. By the beginning of 1998, already Russia has become a "half-broken country." From 1989 to 1998 human losses approached 14 million people, the number of children below the age of five had decreased almost two times, the medical service and educational systems were devastated, and the number of drug addicts had increased tenfold. The technological potential has been half destroyed, with the wiping out of modern industries and serious depletion of industrial capital funds. Only export-oriented raw materials producers have managed to survive. GDP and industrial outputs have decreased by a factor of 2, coupled with a very large foreign and internal debt. At least 40 percent of the population are living below the poverty line, the rule of crime has replaced the rule of law, and the central government has lost control of the situation in the country. In addition, wealth has become concentrated in several major cities of European Russia, and the peripheral regions, especially Eastern Siberia and the Russian Far East, have become objects of exploitation for the profit of Moscow's political and economic elite.

This overall situation has created significant pressures and movements for separation, especially in the eastern regions of Russia. The recent financial events of March-August 1998 have virtually eliminated the chances for reversing the trends and have made disintegration of Russia unavoidable. The majority of the Russian people are ready for such a development. (The full text of this paper is contained in appendix C.)

The Prospect of Disintegration Is Low

Thomas Graham, Carnegie Endowment for International Peace

(Abstract) Ever since the demise of the Soviet Union, Russians and foreign observers have debated whether Russia itself would eventually break up. The debate has ebbed and flowed with the intensity of the political struggle in Moscow. There is a logic to this: disarray in Moscow has allowed the more ambitious regional leaders to seize more power locally while compelling the more timid to assume more responsibility as a matter of survival. The debate reemerged with renewed intensity in the wake of the financial meltdown, and ensuing economic and political turmoil, of this past August. Regional leaders acted unilaterally in setting price controls and forbidding the export of certain products, primarily foodstuffs, from their regions. Some spoke of creating local currencies or gold reserves. Yevgeniy Primakov, at the time of his confirmation as Prime Minister in September, warned that there was a growing danger of Russia's splitting up and vowed to take tough steps to avert it. Whether he was exaggerating for political effect is an open question.

Be that as it may, a review of fundamental conditions and trends suggests that Russia is unlikely to break up in the next decade, even though the state will remain weak or grow weaker. There are numerous factors--economic, social, and political--that tend to unify the country, and there are no outside powers now prepared to exploit Russia's strategic weakness for territorial aggrandizement, nor are any likely to emerge soon. The real issue is how power will be distributed within Russia and the implications of that distribution for Russia's ability to govern itself effectively and to project power abroad. (The full text of this paper is contained in appendix D.)

A Recent Russian Study of Center-Regional Issues

Andrey Fedorov, Council on Foreign and Defense Policy (Moscow)

The current situation is difficult. The federalist model proposed in 1993 is not working. The process of signing treaties was motivated more by political than by economic factors. Some of the treaties were bad, and the amendments were bad. This situation could lead to a revision of all of the treaties and replacement with a more unified approach. The mode of ratification will be an important legal issue. Currently, there are also 123 cases of direct contradiction between the Constitution and local legislation. The mechanism for resolving these contradictions is itself unresolved. There is also a need for some form of reunification. Russia is not actually 89 pieces but approximately 20 or so with clearly distinguishing characteristics. It would be a good idea for economic reasons and would significantly simply federalist governance to recombine into a smaller number of regions. How to do this in practice without breaking up the country is unresolved. A majority of the governors are against such an action.

The current budget is also not the budget of a federalist state: every governor has "out of budget" funds that in some cases are larger than the budgeted amount. Only six regions tried to escape paying taxes to Moscow, and, even though some of the regions are bankrupt, they became that way because of local policies. There also is no real danger of widespread hunger: that is a misperception based on state statistics that do not reflect much unreported economic activity. There are some problems in the north, and in Moscow there currently is a problem with the meat supply. There are several strong factors working directly against the possibility of disintegration: the financial crisis of 17 August demonstrated to the regions that they cannot stand alone; there are no strong political forces for disintegration in the majority of the regions, the Communist Party is serving as a de facto unifying force; and there are no groups of governors ready to work for the disintegration of the country. The regions are not facing separatism, but economic isolation, in a situation in which they do not all have common financial backgrounds. In the Siberian regions, people are more afraid of the growing Chinese influence in the region than of disintegration of the country. It is possible that, in February or March, Moscow will be forced to devalue the ruble once again. The

biggest overall problem is the health of Yel'tsin. If he dies, it will create more problems for federalism, since the regions will be divided between the candidates for the new president.

General Discussion

The theme was the set of factors working for or against separation. An issue cited as the principal catalyst for separation was the lack of a functioning center. One expert argued that the most serious issue was not political, but rather the collection and distribution of tax revenues. The coming presidential election is also a key factor since it will divide the governors and will make resolution of the important issues very difficult until a new president is elected. Even then, solutions will emerge quickly only if the president's political party has a majority in the Duma. The economic issues are serious, but the key factor is political stability. The lack of viable economic alternatives was also discussed as a factor working against separation. Foreign economic alignments are not likely, nor is significant foreign investment. The army was also cited as a powerful unifying element, since it has clearly declared its allegiance to the center. There are also clear constituencies in the regions for staying in the Russian Federation. Another expert suggested that the risk for regions who should leave Russia today is much greater than the risk to Russia without the regions.

A major problem is the weakness of the state at both the national and the regional levels. At the same time, the regions are working with each other in many capacities, and most of the regions have established interregional offices, which actually make it easier to work with another region than to work directly with Moscow. There are no national concepts of reform emerging, and there is decreasing willingness of local leaders to accept the idea of nationwide reform. One expert argued that the eventual outcome will be a constitutional revision that will result in a more coherent federation, but definitely not a loose confederation. Another expert argued that Russia could either continue decline in the fashion argued by Mr. Nemets or, as an alternative, a young and lively president could be elected who leads a national political party to victory and turns Russia's decline around. Others argued that further disintegration will not necessarily result in secession, but rather a looser form of center-regional relations and a form of federalism that will only emerge as a result of a much longer term process. Russia is forming a governmental structure at the same time it is shifting to a market economy and attempting to create new political, economic, and social systems. Russia has historically demonstrated tremendous resilience. The analogy to Sikorsky's bumblebee was suggested, referring to a passage in which he argued that "By all laws of aeronautics, the bumblebee should not fly. But it keeps flying. Maybe the bumblebee does not know that."

Appendix A

Conference Agenda

Federalism in Russia: Is It Working?

Meridian International Center

1630 Crescent Place N.W.

Washington DC 20009

Wednesday, December 9--Thursday, December 10, 1998

Wednesday, December 9, 1998

8:30 a.m.

Registration and Coffee

9:00

Opening Remarks

John Gannon , Chairman, National Intelligence Council

9:20

Federalism in Practice: A Comparative Approach

What are the main characteristics of federalism? What are the main problems that arise in the development of federal systems? What political, economic, social,or other factors have contributed to success or failure in different countries? Are there common threads among them?

George Kolt , National Intelligence Council (Chair)

Blair Ruble , Kennan Institute for Advanced Russian Studies, Commentator

Issues of Federalism

Douglas Verney , University of Pennsylvania

Germany

Carl Lankowski , American Institute for Contemporary German Studies

China

Joseph Fewsmith , Boston University

Nigeria

John Paden , George Mason University

Brazil

David Samuels , University of Minnesota

12:00 p.m.

Lunch

1:15

How Russian Federalism Is Working in Practice

Jack Sontag , US Department of State (Chair)

Part One

Institutional Arrangements Between the Center and the Regions

Financial Arrangements

What are the main features of the Russian system of federal transfers and tax collection? What are its strengths and weaknesses, and how is it evolving? Are the regions gaining greater control over revenue generated on their territories? What levers do Moscow and the regions have to increase their control?

Daniel Treisman , University of California at Los Angeles.

Military

To what extent, if any, are civil-military relations in the regions changing as a result of the weakening center? Is national command and control over the military eroding? What are the prospects for the formation of de facto regional armies and/or warlords?

Dale Herspring , Kansas State University

Judicial System and Police Functions

To what extent are judicial officials, police, and security services loyal to Moscow as opposed to local officials? Does this differ by region?

Timothy Frye , Ohio State University

Big Business and Banking

What sort of role and influence do the financial oligarchs have in the regions? Has this role changed since August? Are the roles of the Central Bank and Moscow-based banks diminishing in the regions? What is the outlook for the near future?

Peter Stavrakis , University of Vermont

Break

Part Two

Political Interaction Between the Center and Regions

Federal Power in the Regions

How and to what extent is Moscow able to exert influence in the regions? What role are the presidential representatives playing? What sort of economic levers exist?

Nikolay Petrov , Carnegie Endowment for International Peace

Regional Influence on National Policies

How and to what extent are regional leaders--either individually or collectively--able to influence Russian domestic and foreign policies? What levers do they have? What role is the Federation Council playing?

Darrell Slider , University of South Florida

Thursday, December 10, 1998

8:30 a.m.

Coffee

9:00

Russian Regional Views on Federalism

What role are some republics and oblasts playing in the development of Russian federalism? Is there a common thread? How do they view the shape of the Russian Federation and their role in it? How are the republics and oblasts interacting with neighboring regions? Are regional associations acquiring any strength?

Peter Clement, Central Intelligence Agency (Chair)

Republic of Sakha (Yakutia)

Marjorie Mandelstam Balze r, Georgetown University

Republic of Bashkortostan

Ildus Ilishev , US Institute of Peace

Republic of Tatarstan

Elise Giuliano , University of Chicago

Republic of Khakasiya

Dmitry Gorenburg , Harvard University

Sverdlovsk and Novosibirsk

Svetlana Tsalik , Stanford University

Primor'e and Khabarovsk

Mikhail Alexseev , Appalachian State University

Saratov and Nizhniy Novgorod

Robert Orttung , EastWest Institute

12:00 p.m.

Lunch

1:00

How Real Is the Danger of Disintegration?

What are the main centripetal and centrifugal forces affecting the Russian Federation? What are the main indicators we would expect to see that would point to either the strengthening or disintegration of the Federation? Based on the mix of factors discussed at the conference, what sort of Russia do participants expect to emerge once a stable system takes hold? How long is the process likely to take? What are the implications?

George Kolt , National Intelligence Council (Chair)

The Prospect of Disintegration Is Significant

Alexander Nemets , Science Application International Corporation

The Prospect of Disintegration Is Low

Thomas Graham , Carnegie Endowment for International Peace

A Perspective From Moscow

Andrey Fedorov , Council on Foreign and Defense Policy (Moscow)

4:20

Concluding Remarks

Appendix B

Speaker Biographies

Mikhail Alexseev is Assistant Professor of Comparative Politics and Post-Soviet Studies at Appalachian State University, a member institution of the University of North Carolina. Previously he was a post doctoral research fellow at the Henry M. Jackson School of International Studies at the University of Washington. He also has been a guest lecturer at the US Air Force Special Operations School and a research scholar at the Kennan Institute for Advanced Russian Studies.

Marjorie Mandelstam Balzer is Research Professor at Georgetown University in the Sociology Department and the Center for Eurasian, Russian, and East European Studies (CERES). A sociocultural anthropologist, she is the editor of the journal Anthropology and Archeology of Eurasia. She has taught at Grinnell College, University of Illinois, and University of Pennsylvania and has held postdoctoral research appointments at Harvard, Columbia, and the Wilson Center's Kennan Institute.

John Battilega is Corporate Vice President and Director of the Foreign Systems Research Center of Science Applications International Corporation. Since 1977 he has directed a research team focused on Russia/Eurasia. From 1992 to 1996 he also led teams of American specialists working in Russia on defense conversion. Dr. Battilega has been a senior consultant to the Intelligence Community and the Office of the Secretary of Defense for more than 20 years. He recently directed a study for the National Intelligence Council that analyzed alternative stable futures for Russia in the 21st century.

Peter Clement is the Issue Manager for Russia in the Office of Russian and European Analysis at the Central Intelligence Agency. He has spent most of his 30-year career at the CIA and has held a variety of analytical and managerial positions. Dr. Clement has published numerous articles and books on Soviet foreign policy, Russian domestic politics, and politics in Central Asia.

Andrey Fedorov has been Political Project Director of the Council on Foreign and Defense Policy (CFDP) since 1997. Previously, he was adviser to the Prime Minister of the Russian Federation (1989-90) and Deputy Foreign Minister (1990-91). The author of numerous publications, Mr. Fedorov is also Chairman of the Political Research Fund and adviser to the International and Legal Committees of the State Duma.

Joseph Fewsmith is the director of the East Asian Interdisciplinary Studies Program and Associate Professor of International Relations at Boston University. He is the author of *Dilemmas of Reform in China: Political Conflict and Economic Debate* and *Party and Local Elites in Republican China*. Dr. Fewsmith has written numerous articles on the politics and economics of contemporary China and is the editor of *The Chinese Economy*, a journal of translations published by M. E. Sharpe.

Timothy Frye is currently an Assistant Professor in the Department of Political Science at the Ohio State University. He has written about post-Communist presidencies, the Russian equities market, and small business in Russia and Poland. Dr. Frye is now working on a project comparing the development of legal institutions across Russia and Poland.

John Gannon was appointed Assistant Director of Central Intelligence for Analysis and Production in June 1998. He continues to serve as Chairman of the National Intelligence Council, a position he has held since July 1997. Previously, he served as Deputy Director for Intelligence. Before that position, he served as Director in the Office of European Analysis.

Dmitry Gorenburg is a Research Associate at the Program on Cold War History Studies at Harvard University's Davis Center for Russian Studies and a doctoral candidate in that university's Department of Government. He currently is completing his dissertation, entitled "Nationalism for the Masses: Minority Ethnic Mobilization in the Russian Federation." Mr. Gorenburg has conducted research in several republics of the Russian Federation, including Bashkortostan, Chuvashia, Khakasiya, and Tatarstan.

Thomas Graham recently joined the Carnegie Endowment as a Senior Associate in the Russia/Eurasia Program. Previously, he was a Foreign Service Officer on academic leave with RAND in Moscow from 1997 to 1998. From 1994 to 1997, he served as Head of the Political/Internal Unit and then Acting Political Counselor at the US Embassy in Moscow. Dr. Graham has also served on the Policy Planning Staff at the State Department and as a Policy Assistant in the Office of the Under Secretary of Defense for Policy.

Elise Giuliano is a doctoral student in the Department of Political Science at the University of Chicago. Her research concerns ethnonationalist mobilization in Russia's republics. She has worked for USAID on a privatization project in Novgorod, Russia, and has conducted extended research in Tatarstan, Russia. Ms. Giuliano is the recipient of a Fulbright-Hays Doctoral Dissertation Research Fellowship as well as grants from the John D. and Catherine T. MacArthur Foundation and the Mellon Foundation.

Dale Herspring is Professor and Head of the Political Science Department at Kansas State University. Before joining the faculty, Dr. Herspring spent more than 20 years in the Foreign Service. He spent from 1991 to 1992 as a Senior Fellow at Woodrow Wilson Center for International Scholars and during the 1992-93 academic year served as Professor of International Relations at the National War College. Dr. Herspring is the author or editor of seven books and more than 40 articles on civil-military relations in Germany, Eastern Europe, and the former Soviet Union.

Ildus Ilishev , currently a Senior Fellow at the United States Institute of Peace, is chief expert to the administration of the President of Bashkortostan in the Department of Foreign and Ethnic Affairs. He is also senior researcher at the Russian Academy of Sciences' Ufa Center, Institute of History, Language, and Literature. Since 1994, he has been a consultant to the Committee on Nationalities in the Duma, the Russian Parliament's lower house. His fellowship at USIP will culminate in a book on the relationship between language and politics in a multiethnic state.

George Kolt has served since 1992 as National Intelligence Officer for Russia and Eurasia in the National Intelligence Council. Early in his career, he specialized in Soviet and European Affairs while serving in politco-military, intelligence, and academic assignments in the Air Force. He was detailed to the National Intelligence Council in 1981 first as the Assistant National Intelligence Officer for the USSR and then from 1984 to 1986 as the National Intelligence Officer for Europe. After retiring from the Air Force, he headed the Directorate of Intelligence's Office of Soviet and then Slavic and Eurasian Analysis from 1986 to 1989.

Carl Lankowski directs the research program at the American Institute for Contemporary German Studies. Before joining AICGS, he served on the faculty of the School of International Service at the American University. Dr. Lankowski's research activity has focused primarily on issues of European regional integration, such as European Investment Bank, the impact of Economic and Monetary Union on German politics, and the "social dimension" of European integration.

Alexandr Nemets is a researcher at the Foreign Systems Research Center at Science Applications International Corporation (SAIC). Previously, he was a visiting research fellow at the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota. An expert in analysis of separatist trends in Russia, Dr. Nemets is the author of numerous publications in the United States and Russia.

Robert Orttung is a Senior Research Analyst at the EastWest Institute in New York. Previously, he was a senior research analyst covering Russian domestic politics at the Open Media Research Institute in Prague. He also has taught at Florida International University in Miami and the University of California, Los Angeles. The author of two books and numerous articles, Dr. Orttung contributes to the Economist Intelligence Unit's *Business Russia* and is senior editor of the *EWI Russian Regional Report*.

John Paden is the Clarence J. Robinson Professor of International Studies at George Mason University, where he has been active in the graduate program in International Transactions, and at the University's Institute for Conflict Analysis and Resolution. The author of *Religion and Political Culture in Kano*, Dr. Paden was a professor at Ahmadu Bello University in Zaria, Nigeria, and the first Dean of the Faculty of Social and Management Sciences at Bayero University in Kano, Nigeria.

Nikolay Petrov leads a research project on Russian elections at the Carnegie Moscow Center and is consultant to the project on Politics and Society in Transition. He is the founder of the Center for Political-Geographic Research, an independent think tank monitoring regional social-political developments in Russia. From 1990 to 1995, Dr. Petrov served as an expert to the Russian parliament, government, and presidential apparatus.

Blair Ruble is currently Director of the Kennan Institute for Advanced Russian Studies of the Woodrow Wilson Center. He also serves as Co-Coordinator for Comparative Urban Studies at the Wilson Center. He worked previously at the Social Science Research Council in New York and at the National Council for Soviet and East European Research in Washington. Dr. Ruble is currently engaged in research examining evolving urban patterns and urban management arrangements in post-Soviet Russia.

David Samuels is currently the Benjamin E. Lippincott Assistant Professor of Political Science at the University of Minnesota. Professor Samuels specializes in Latin American politics and the comparative study of political institutions, with particular emphasis on Brazilian politics, electoral systems, political parties, legislatures, and federalism. He is the author of forthcoming articles in Comparative Political Studies and has received grant support from the National Science Foundation.

Darrell Slider is Professor of Government and International Affairs at the University of South Florida. A specialist on Russian regions, Dr. Slider has published numerous articles and chapters on regional politics, economic development, privatization, and federalism. He is also coauthor of the book *The Politics of Transition: Shaping a Post-Soviet Future*.

Jack Sontag is Chief of the Russian Division in INR's Office for Analysis of Russia and Eurasia. He has worked on Soviet, Chinese, and Russian affairs for the US Government.

Peter Stavrakis is currently Associate Professor of Political Science at the University of Vermont and editor of the journal *Problems of Economic Transition*. From 1994 to 1997, he served as Deputy Director of the Kennan Institute for Advanced Russian Studies. His works include articles on contemporary Russian and Ukrainian politics, Russian regionalism, the effectiveness of US foreign assistance, and bureaucratic reform in the Soviet successor states.

Daniel Treisman is an Assistant Professor of Political Science at the University of California, Los Angeles, and a National Fellow at the Hoover Institution, Stanford. His research focuses on the politics and economics of Russia as well as comparative political economy. His book, *After the Deluge: Regional Crises and Political Consolidation in Russia,* will be published by the University of Michigan Press in spring 1999.

Svetlana Tsalik is a doctoral candidate in political science at Stanford University. She is writing her dissertation on the regulation of center-regional relations in weak states. As a doctoral research affiliate to the Carnegie Endowment for International Peace in Moscow from January to August 1998, she conducted field research on this topic, concentrating on four Russian regions: Sverdlovsk Oblast, Novosibirsk Oblast, and the Republics of Sakha and Kalmykia. She is the author of several publications on Russian federalism.

Douglas Verney is a Visiting Scholar in Political Science, an Adjunct Professor in South Asia Regional Studies, and a Fellow at the Center for the Advanced Study of India at the University of Pennsylvania. Previously he was Professor of Political Science at York University in Britain and Visiting Professor at Princeton University. Dr. Verney is the coeditor of *Multiple Identities in a Single State: Indian Federalism in Comparative Perspective* as well as many articles, monographs, and chapters.

Appendix C

The Prospect for Disintegration Is Significant

Alexandr Nemets

Science Applications International Corporation

Summary

The overall situation in Russia has deteriorated to the point that separation is becoming the only way of survival for many of the regions. By the beginning of 1998, already Russia had become a "half-broken country." From 1989 to 1998 human losses approached 14 million people, the number of children below the age of five had decreased almost two times, the medical service and educational systems were devastated, and the number of drug addicts had increased tenfold. The technological potential has been half destroyed, with the wiping out of modern industries and serious depletion of industrial capital funds. Only export-oriented raw materials producers have managed to survive. GDP and industrial outputs have decreased by a factor of 2, coupled with a very large foreign and internal debt. At least 40 percent of the population is living below the poverty line, the rule of crime has replaced the rule of law, and the central government has lost control of the situation in the country. In addition, wealth has become concentrated in several major cities of European Russia, and the peripheral regions, especially Eastern Siberia and the Russian Far East, have become objects of exploitation for the profit of Moscow's political and economic elite. This overall situation has created significant pressures and movements for separation, especially in the eastern regions of Russia. The recent financial events of March-August 1998 have virtually eliminated the chances for reversing the trends and have made disintegration of Russia unavoidable. The majority of the Russian people are ready for such a development.

Russia Is a Virtually Broken Country

In 1998, Russia, due to continual deterioration since 1989, is a virtually broken country. This is due to several factors.

If the 1989-98 growth in population were to have occurred at the same level as in 1986-88, then in this period the population would have increased about 9.5 million. In reality, by preliminary data, the "natural decrease" of population during these 10 years was about 5 million people; as a result, Russia lost at least 14 million people, which would comprise about 10 percent of its present population. It should be emphasized that the eastern regions of the country, first of all, the Russian Far East, suffered in maximal degree from depopulation processes. It is expected that drastic deterioration of the social-economic environment in Russia in August 1998 (the "August 17 catastrophe") will result in further decrease of birth rate and growth of mortality, so by the year 2000 accumulated human losses may approach 20 million. This will occur even in the case of "peaceful" situation development without serious internal conflicts or large-scale famine.

Malnutrition is also a factor. Even before the "financial catastrophe" of August 17, 1998, malnutrition transformed into a scourge of Russia. In 1996-97, the average consumption of meat products fell to the 1960 level, and fish products to the 1950s level. Simultaneously, nutritional value decreased from 3,200 to 3,300 cal a day in 1990 to 2, 300 to 2,400 cal in 1997. And half this quantity was provided by bread and potatoes. It seems that the average nutrition level and consumption of major food products in Russia "returned" by 1997 to the beginning of the 1960s level.

The situation in food consumption was the worst in the eastern regions of Russia, where in 1997, and especially in the first half of 1998, a large part of the people dealt with real hunger. The situation became much worse, however, after August 17. Hunger, cold, and poverty are three major threats to the Primakov government during the winter 1998-99. The grain harvest in 1998 fell to about 300 kg per capita, which was the lowest level since 1946-47. In addition, after "August 17," food imports fell 2.5 to 3 times. Russia's own production of meat and milk also continues to decrease. So in the winter, and especially in the spring of 1999, Russia may deal with real hunger, possibly complicated by food transportation blockade on regional borders. And again, the Russian Far East, especially the "Far Northeast," which is not connected by reliable railroads or highways with other parts of Russia, has become the most suffering zone.

The previous several years have also been characterized by a drastic growth of tuberculosis, sex diseases, and other dangerous diseases, coupled with a dramatic devastation of medical service. The number of tuberculosis (TBC) bearers in Russia increased, officially, from less than 1 million in 1990 to 2.2 million in 1997 and 2.5 million by mid-1998. But the real number may be as much as 5 million. The situation is epidemic in the Russian Far Northeast; in some districts of the Magadan region, TBC bearers form up to 50 percent of the population. Between January 1997 and October 1998, the number of people with HIV in Russia sprang from about 3,000 to more than 10,000. Russian officials warn that the actual number of HIV cases may be up to 10 times higher and would increase several times by 2000. The officially registered number of diabetics in Russia is 2.1 million; in reality, the number is 6-8 million, and they get almost no treatment. By the beginning of 1998, Russia also had 5 million insane persons. By the year 2003, there may be 10 million. The number of such persons in Russia increased by four to five times between 1990 and 1997.

At the same time, medical service in Russia has been devastated. In 1997, state expenses for medical service decreased to about 3.4 percent of GDP; it is expected that in 1998 this indicator may fall to 2 percent of GDP. Large, six months or more, wage arrears of medical personnel became normal. After the "August 17 catastrophe" funding of medical systems greatly decreased, import of medicine

also decreased several times, and drugstores in Russian hospitals became empty. Just as in all other fields, the situation in the eastern regions is the worst, and in the Far Northeast medical service has almost ceased to exist.

There also has been a significant growth of alcoholism and a tremendous growth of drug addicts. Consumption of alcohol in Russia increased, by estimation, a factor of 2 to 2.5 times between 1990 and 1997. There are many millions of alcoholics in Russia now, with the exact number unknown. By official data, the number of Russian drug addicts reached 2 million, but by expert estimations 12 million. During the last five years, the number of drug users increased 14 times, with the growth even greater in large cities. In some cities 10 to 30 percent of teenagers use drugs. The present economic turmoil will provide new opportunities for the spread of narcotics.

According to a nongovernment survey in October 1997, incomes of 40.2 percent of Russian people were below the poverty level, officially equal at this moment to 407,000 ruble a month (about $70). They were starving or half starving. By reliable estimations, the average salary in the first half of 1998 decreased in real terms by 10 to 12 percent from the first half 1997, and 2.5 times from the 1990 level. Huge wage and pension arrears have additionally reduced the small incomes of the "common Russian." By July 1998, wage arrears reached at least 1.5 months per worker, while pension arrears reached about 1 to 1.5 months. At the same time, unemployment increased to 8.3 million (about 11.5 percent).

The distribution of wealth is also important. Wealth in Russia is geographically concentrated in Moscow, Petersburg, Yekaterinburg, and Nizhniy Novgorod, and the poverty is concentrated in the peripheral regions of the east and the south. The Russian Far East became an "absolute poverty zone." In the first half of 1998 at least 60 percent of the people in the Russian Far East were below the poverty level; in the Far Northeast (to the north of Trans-Siberian Railroad) this index was at least 80 percent.

By mid-1998, real average incomes were about 10 percent less than a year ago. After the "August 17 catastrophe," however, the situation worsened. According to official data, the share of people below the poverty line officially increased to 30 to 32 percent; by independent surveys, the number was more than 50 percent. By estimation, Russia's average income and consumption, which corresponded to the beginning of 1960s level before the "August 17 catastrophe," fell by the end of 1998 to the beginning of the 1950s level. And, in the Russian Far East at least 70 percent of local people live now under the poverty line.

Most of Russian cities and towns do not have enough money to pay for power, coal, fuel, and oil. As a result, in most parts of Russian regional and district centers, temperature in apartments in the winter season is rarely above 14 C. As in all other cases, the Russian Far East suffers the most. In 1995-97, Vladivostok lived without power. This winter the city is trying to live almost without heating. And, the Russian Far Northeast, which accumulated only half the fuel necessary for the 1998-99 winter, may transform into a real "death camp" in January-February 1999.

Because of these factors, by the end of 1998, the human potential of Russia was, without exaggeration, half destroyed. The prospects for 1999-2000, however, even for an optimistic scenario, which suppose absence of social unrest and large-scale epidemics, are even more grim. This period may well see additional, and maybe very significant, population decrease as the result of lack of food, fuel, medicine, a reduction of living standards to the "century old" level as a result of economic destruction and the further reducing of the state social role almost to zero, and a final devastation of the medical service and education system. By the year 2000, Russian human potential may be irreversibly destroyed. Only some very large-scale "assistance from outside," including the lifting of Russian debt burden and providing, in addition, many billion dollars for Russian education, medical service, and scientific-technical systems may prevent such development.

Russia's Almost Destroyed Technological Potential

Russia's science and educational systems have been devastated. In real terms, science financing in Russia decreased at least 12 times between 1990 and 1997. Evidently, under the present "postcatastrophic environment," the Russian science and technology (S&T) sector will be finally destroyed. The Russian education system is half devastated. Education expenditures were equal to about 2 to 3 percent of GDP in 1997, which in real terms is about 25 percent of the 1990 level. Teachers wage arrears in many regions increased by up to one year or more. The catastrophe of "August 17" may finally destroy the entire Russian educational system.

Russia's high-tech industries (general machine building, electronics, aircraft industry) are vanishing, with the survival of "high-tech remnants" (part of the space industry, some branches of the weapon industry) on the basis of foreign orders only. Between 1990 and 1997 the output of almost all major industrial goods in the machine-building and electronics sectors decreased from five to 10 times. The general machine-building, electronics, power equipment, electrical appliances, precision machinery, shipbuilding, and aviation industries, in practice, ceased to exist by 1997. 1998 brought a new wave of deterioration to Russian industry. Particularly, the machine-building and electronics sectors further decreased their output volume by at least 10 percent. These industries already cannot produce goods of competitive characteristics and quality.

Aging and destruction of industrial equipment, and half destruction of the basic infrastructure (power system, transport, urban infrastructure) is the reality. In 1997, total capital investment decreased four times from the 1990 level; this included a sixfold decrease of investment in the productive sector. Only 10 percent of present Russian industrial capacities is suitable for competitive products manufacturing. In 1998, total capital investment, by preliminary data, will decrease 12 to 15 percent from the 1997 level, and there is little chance for situation improvement in the following two years. By the year 2000, most Russian industrial workshops may transform into "empty boxes" containing metallic trash. The capital fund in nonmanufacturing branches of Russian industry, the construction sector, transportation, and agriculture are in the same or even worse shape than in the manufacturing industry.

Macroeconomic indicators (GDP, industrial and agriculture output, transportation volume, total investment) also decreased back to 1950-60s level. Russian GDP and industrial output by 1997 decreased at least 55 percent from the 1990 level; as a result, by reliable estimations, in 1997 the GDP per capita returned back to the 1960-61 level. The decrease was maximal in the peripheral regions, especially in the Northern Caucasus and in the Russian Far East. Real GDP decrease in 1998 may be about 10 percent, and contraction of the Russian economy will continue in 1999-2000. By the year 2000, Russia may return to the 1953-55 "average Soviet" level.

In 1990-97, the GDP and industrial output of Russian Far East decreased at least three times, and the Far Northeast suffered, along with large population decline, about fourfold economic contraction. 1998 "provided" new devastation even for "fortunate" regions along the Trans-Siberian Railroad: their fish, wood, and metals lost customers both in Russia and in crisis-hit East Asia. What for the Russian Far Northeast was once the main economic activity and life was, in practice, paralyzed by the yearend.

Export-oriented branches (the oil and gas, steel and nonferrous metals) have become the last stronghold of the Russian economy. In 1991-97, the oil and gas, steel industry, nonferrous metals industry, and some branches of the chemical industry reduced their output volume for 10 to 50 percent "only, because from 60 percent to 95 percent of this production was reoriented toward foreign customers." Even these branches, however, had to deal with the aging of capital funds, related production volume contraction, and other problems of Russian industry. In October-December 1997, after world prices fell drastically, even these branches became money losers. The situation slightly improved after a threefold devaluation of the ruble in August-September. The export of oil, oil products, and some other goods increased greatly, in parallel with a very significant reduction of internal consumption.

In 1998 even the prosperous Tyumen region felt the consequences of both the Russian and the world crisis. The situation in Eastern Siberia, which used to export almost entirely its aluminum, copper, and nickel, was much worse. The Russian Far East, having "only" fish, timber, gold, and diamonds, was almost destroyed. It is possible to expect in 1999-2000 even further stagnation or slow recession in the Tyumen region, a further deterioration of the economy in East Siberia, and an almost guaranteed economic collapse of the Russian Far East.

Financial Catastrophe

Already by the end of 1997, the Russian Government's foreign debt reached about $131 billion, with an additional internal debt (in dollars) of $88.3 billion. Jointly, the debt comprised more than 50 percent of the 1997 Russian GDP. By August 1998, the foreign debt was more than $150 billion, and internal debts approached $110 billion, comprising in total about two-thirds of Russian GDP. The burden appeared to be too large for the weak Russian economy. Russia became bankrupt. In September 1998, the foreign debt of the Russian Government was at least 75 percent of GDP, and the total sovereign debt exceeded annual GDP. This does not include the "nonsovereign debt," the bad debts of industry, agriculture, transport, and construction sectors; pension arrears; the obligations of failed banks to Russian depositors and investors; and the huge foreign debt of Russian companies and banks. The total value of these debts in September 1998 greatly surpassed the Russian annual GDP.

By the beginning of December, the Russian Government had accumulated an additional $2-3 billion in debts, mainly due to failure of interest payments to German banks, the Paris Club, and so forth. The foreign debt of the federal government reached $154 billion, with the foreign debt of Russian companies and banks adding $54 billion more. Jointly, this is more than 100 percent of GDP. The price of Russian debt obligations at the world financial markets fell to 6 to 8 cents per $1. Simultaneously it became known that the Russian state is incapable of paying its $17 billion of principal debt and interest due in 1998. The Russian financial situation is, seemingly, hopeless.

The most probable prospects for 1999-2000 include: official default on foreign debts, the growth of total foreign debt up to 150 percent of GDP level or more; the parallel growth of internal debts to unpredictable volume; the breaking of economic ties between Russia and the "outer world"; and the final devastation of the Russian economy. In any case, Russia will be incapable to save either its human potential or its technological potential from irreversible devastation.

"There Is No More State in Russia"

This formulation became "common place" in Russia after "August 17." Paper columnists, Duma deputies, and governors of peripheral regions use it almost daily. Indeed, the Russian state, that is, the federal government, does not perform almost any functions at all in regards to the economy, the social sector, the army, crime stopping, the handling of emergencies, foreign and internal financial obligations, and so forth. It is possible to say that the Yel'tsin regime is over, and the Primakov government controls only the buildings it occupies. So, who rules Russia? Is it time to claim that crime and chaos are the only real "supreme rulers" in Russia? In September 1997, one of the commissions of Congress issued a detailed report about crime in Russia. But, evidently, it gave only a slight impression of what really is taking place, which is that Russia has become literally a law-free society. A lot of facts confirm this conclusion; it seems that no serious counter arguments are available.

Separation is the only way of survival for the peripheral regions. The strategy of the Russian political and economic elite from 1992 to 1998 has deliberately shifted the crises to others as their main survival tool. The shift included several components, including:

- A "vertical crisis shifting," which pushed up to 40 to 50 percent of the population below the poverty (physical survival) level, with poverty concentrated in the rural zones, district centers and other small towns, and, first of all, in the peripheral regions located most distant from Moscow.

- A "horizontal crisis shifting," which has concentrated wealth in Moscow and in some other major cities of European Russia by devastating and robbing the peripheral regions, especially the Russian Far East, Eastern Siberia, the regions of the European North, and the North Caucasus zone. The share of people below the poverty line in these regions increased from 50 percent in 1997 to 70 to 80 percent by the end of 1998.

- The establishment of a sophisticated mechanism for exploiting the peripheral regions by: concentrating maximal amounts of taxes in the hands of the federal government and the return of only a small part of money to the regions in the form of "subsidies"; providing a superbeneficial environment for Moscow-based banks and other privatization structures to acquire the most lucrative export-producing enterprises in the peripheral regions, resulting in the concentration of most of the export incomes in Moscow; establishing irrationally high tariffs for power, transportation, and so forth, resulting in a concentration of money, extracted from the regions, in the Moscow offices of Gazprom, United Energy (power) System, Railway Ministry, and so forth; and, finally, the extraction of money from the regions by illegal activity (usually planned and fulfilled from Moscow) of many kinds, including bribes, racket, and financial schemes.

It is possible to estimate that money extortion from peripheral regions, and first of all East Siberia and the Russian Far East, by Moscow political and business elite was the most essential component of "Russian federalism" in 1992-98. This practice naturally caused the growing resistance of the peripheral regions, which transformed by 1997-98 into a mighty separatist movement. Regional leaders, political and economic elites, and common people understood properly that Moscow is driving them to final devastation, so separation has become the last and only means of survival.

The Situation in the Russian Far East and Siberia

The general situation development in the Russian Far East in 1992-98 is characterized by several major trends:

- Destruction of human potential here took place in much greater scales than in other Russian regions; it resulted in about a 10-percent population decrease, including at least 25- to 30-percent decrease in the "Far Northeast" as the result of ultra-high mortality and forced migration outflow.

- All other processes of human potential destruction in the Russian Far East also were much more intensive than in other regions. As a result, by 1998, malnutrition or, more exactly, hunger became a common phenomena in the Far East, and especially the Far Northeast. The food situation in the regions along the Trans-Siberian Railroad was just a little bit better due to food supplies from China, which were often of very bad quality. The situation took really tragic forms in October-December 1998: the winter supply of food was not even delivered to the Far Northeast.

- The medical system was almost devastated due to the absence of financing (the situation here was more serious than anywhere else in Russia). The education system was also destroyed due to the absence of financing, with again, the Far East becoming the Russian

leader.

- Alcoholism and drug addiction in the Russian Far East took especially dangerous forms due to Chinese supplies. In particular, China became a source of cheap drug-related medicines (ethedrin), which are processed into strong drugs in numerous underground laboratories on the Russian side of the border. China also supplied very cheap fake vodka in plastic packages.

- Vladivostok became "famous" by collapse of its water supply system and power-heating system. Regions of the Far Northeast managed to survive the winter of 1997-98 on "half supply" of heating fuel. In 1998 they could not store even half the necessary fuel stocks, and some of them had to appeal to the UN for urgent fuel assistance.

- By the end of 1998, a large part of the Far Eastern population was pushed to the brink of survival or even beyond. "Natural development" of existing trends (without large-scale assistance from outside) will bring total devastation and take the lives of hundreds of thousands of people.

- Destruction of the technological potential, established during the last several decades, became one more "distinguished feature" of local reality: Far Eastern industry, except for export-oriented raw material branches, ceased to exist by 1998. Even the export-oriented timber, fishing, and ferrous metals industries were in decline but managed to survive until the end of 1997, when the demand for these goods in East Asia drastically reduced. The local gold industry was devastated because of overtaxation and long-term delays of payment for gold from Moscow. In the Far East the cost of industrial products, the share of money-losing plants, and the volume of bad debts per average enterprise are much higher than anywhere else in Russia. Such a situation was caused by superhigh tariffs for transportation, fuel, and power. By the end of 1998, the agriculture, construction, and transport sectors were also almost entirely destroyed, even in the regions along the Trans-Siberian Railroad.

Talks between Prime-Minister Primakov and local leaders in November 1998 summarized the problems of regions "to the east of Baikal lake." "Does Russia Really Need the Far East?" That was the main theme of conversation. Primakov held a meeting with the "Association Far East--Trans-Baikal Zone" (governors of the Russian territories eastward of Lake Baikal). The Head of the Association, the Khabarovsk Governor V. Ishayev, has expressed the following opinion of these regions:

- Since 1992, the Russian Government has left these regions to their own survival and never really supported any local initiatives to enter the Pacific markets. So, in 1998, as a result of this policy, almost all local industries, including export-oriented fishing, timber industry, and the gold industry are ceasing to exist. The situation is scarcely better on the Trans-Siberian Railroad and in seaports. The BAM railway is almost devastated. The huge oil and gas projects Sakhalin 1 and Sakhalin 2 may be also closed because of Moscow policy. The Far Eastern military-industrial complex is almost destroyed. The Russian military districts (Far Eastern Army, Far Eastern Border Guards, and Far Eastern National Guards) and the Russian Pacific Navy have not received federal funds since last June and are in a disastrous situation. They are on the verge of famine and receive food, heat, and electricity support from only local governments and charity organizations. Similar hardships are common for all federal law enforcement agencies and organizations.

- The major Far Eastern seaports of Vostochnyy and Vanino now work at 20 to 30 percent of their capacity. Many Far Eastern (mainly, Far Northeastern) territories suffer a disastrous situation with their fuel, heating, electric power, and food supplies.

- The Russian Government takes the bulk of regional revenue from the local territories in the form of high federal taxes and does not return back the funds due them. For example (in addition to taxation robbery), the Japanese Government loan for the development of the Far Eastern economy was stolen by Moscow. Simultaneously, the Far East witnesses the fast economic development of neighboring China and watches the increase of Chinese ethnic population in the Russian Far East and the penetration of Chinese capital.

- Never in Russian history (Russian or Soviet) has the government treated the Far East in this way. The Far East is thirsty for the creation of a better industrial and (foreign) investment environment and for fair distribution of revenues with Moscow. It is the last chance for the Russian Government to hold onto these territories) inside Russia. Today the Russian Government has only two alternatives: take emergency measures for saving the Far Eastern economy or develop and implement a plan for evacuation of Russians (that is, the entire local population) from these regions. (Ishayev meant, in the second case, that the entire Russian Far East would be instantly occupied by China.)

Primakov has assured the regions that now he understands the local problems but will not give any promises. It is possible to conclude that the Far Eastern regions gave "the last warning" to Primakov. At the same time, they understood that the Russian Far East cannot rely on the Russian Government and should save itself by all means available, as if this zone is independent already.

Within the Far Northeast, the social-economic situation in each of the major subregions is as follows:

- *Chukotka:* Over the last 10 years the local population has decreased from about 150,000 to about 60,000. Most of the "nonindigenous" population was evacuated to the "mainland." Timber mines, mercury and uranium mines, and part of the gold mines were deliberately destroyed. The remnants of the local golden industry fail to survive. No other industry is "afloat." In 1997 the local governor proposed to evacuate the remnants of the ethnic Russians and to transform Chukotka into a "territory directly ruled by the Russian president." (In practice this means lending Chukotka to a Russian oil company for exploitation of the local sea shelf's rich hydrocarbon resources.) By 1996-97 the region's social sector, including the education and medical systems, was broken, with at least 80 percent of the population living below the poverty line. By the end of 1998, the local population dealt with terrible lack of food and fuel. A further catastrophe in winter 1998-99 will only be averted if there is foreign assistance.

- *Kamchatka*: During the last several years, the local population on the peninsula has decreased at least 10 percent to about 500,000. All industrial and agriculture branches ceased to exist except for fishing and fish processing. Most fishery vessels sell the fish in US, Canadian, or Japanese seaports without paying any taxes to Moscow. This means that, for the most part, the Kamchatka economy has already been effectively integrated into the US, Canadian, or Japanese economies. In October-November, the peninsula dealt with acute lack of food and absence of fuel, which led to collapse of the power supply system and caused the appeal of local Duma deputies to the UN for urgent aid. Kamchatka may survive the winter of 1998-99 only if food/fuel assistance from the United States, Canada and/or Japan is available. Kamchatka has large gas resources on the western coast shelf, but their development may be accomplished only on the base of sophisticated US/Canadian technology.

- *Magadan:* In 1991-98 the population decreased from about 240,000 to about 120,000. All local industries except for, to some degree, fishing and gold/silver extraction are smashed. The social sector is broken. Tuberculosis and other diseases are "flourishing." By 1997 the fraction of people below the poverty line definitely exceeded 70 percent. The region has little chance to survive this winter without serious foreign assistance, and the local government will eagerly accept such aid. According to

preliminary data, the Magadan shelf of the Sea of the Okhotsk is rich with oil and gas. The region is engaged already in negotiations with South Korean and some other foreign companies about hydrocarbon resources development.

- *Sakha-Yakutiya:* From 1991 to 1998 the population decreased "only" about 5 percent to 970,000 to 980,000, due to the comparatively strong social policy of Yakutia president Nikolayev. In 1996-96 the local government had several "fighting rounds" with Moscow over the ownership of the ALROSA company, engaged in diamonds extraction, and over the distribution of incomes from diamonds export; it was a real "new Chechnya" campaign, only without the direct use of weaponry. The republic receives almost all its income from the gold and diamond industries, but Moscow "confiscated," especially in 1996-98, most of this income. As a result, in 1996-97 the local social sphere suffered greatly, and most local people fell below the poverty line. In addition, in the spring 1998, Yakutia suffered a large-scale flood, with losses so great that Yakutia appealed, via some Moscow papers, for assistance from Russia and abroad. Yakutia meets the winter of 1998-99 with few resources of stock and fuel. At the beginning of November, Canada provided $10 million aid to Yakutia, but the republic needs at least 10 times more. Yakutia has huge natural gas resources, and Japanese companies are interested in their development. On the other hand, active penetration of Chinese shuttle traders in Yakutia and the emerging "Chinese settlement" in Yakutsk became a serious complicating factor in this region in 1997-98.

- *Sakhalin:* Sakhalin Island and the Kurile islands are rich with coal and timber. The surrounding sea is rich with fish, and the Sakhalin shelf contains huge hydrocarbon resources, with development actively started in 1995-98 by US and Japanese companies. In 1997-98, however, the local economy (the coal and timber industry, fish processing, and oil and gas extraction at the northern part of the island) was almost entirely smashed. In addition, huge forest fires in the summer-autumn 1998 caused new losses for the local economy. At least 75 percent of about 600,000 local people are living below the poverty line in the second half of 1998. The Sakhalin government is counting on aid from Alaska and Hokkaido in the expected very hard winter of 1998-99. The situation on the Kurile island chain is even worse than that of Sakhalin Island.

- The *Okhotsk and Ayan districts of the Khabarovsk region, Tynda, Zeya, the Selemdzha districts of Amur region (BAM zone), and the sea shelf of the northern Khabarovsk districts*, are rich with hydrocarbons. These districts have large timber resources; however, the "usual" problems of the Russian Far Northeast and forest fires in May-October 1998 made survival of these districts very problematic; The Khabarovsk governor Ishayev will eagerly accept any assistance from the US-Japanese side (but not from China).

- The situation in t*he BAM zone of the Amur region* is scarcely better (according to Ishaev's conversation with Primakov, cited above). This zone has an unusually perfect, for the Far Northeast, infrastructure with the BAM railroad as its backbone. The zone is rich with hydropower resources, coal, timber, and various minerals. At the same time, the penetration or, more exactly, large-scale expansion of the Chinese into this region is an extremely serious factor.

- *Eastern Siberia* is a "soft reproduction" of the Russian Far East devastation model. It has many resources for development, but Moscow takes almost all local incomes from the export of aluminum, copper, nickel, and platinum. As a result, the general social-economic situation in Eastern Siberia is on the "average Russian" level or even worse. The "deceived expectations" of local people caused very strong anti-Moscow sentiments in 1996-97 and especially in 1998.

- The *Krasnoyarsk and Irkutsk regions* have huge oil and gas resources and count on large-scale investment, first of all from the United States and Japan, for local hydrocarbons development. On other hand, Chinese penetration was significant, at least in the Irkutsk region, in 1995-98.

General Separation Trends in the Eastern Regions in 1996-98

The emergence of a "separation potential" in the Primor'ye (Maritime) region and the Khabarovsk region already took place in 1995-96. The heavy failures of Russian troops in Chechnya in January-March 1995 showed the weakness of the federal government; as a result, the Far Eastern governors became bold in their disputes with Moscow. Maritime (Primor'ye) region governor Nazdratenko was the first Far Eastern leader to directly blame Moscow for local problems. More exactly, he claimed in March 1995 that Moscow is selling Primor'ye to China in the guise of border-settling agreements and that Moscow policy caused destruction of the local economy and infrastructure. Almost simultaneously, Khabarovsk governor Ishayev started his own "secret complot" against Moscow. He tried to concentrate control over the local economy and finances in his own hands, while diminishing the "Moscow share." At the same time, Ishayev tried to establish strong ties to the political and business circles of the United States and Japan.

The withdrawal of Russian troops from Chechnya in August 1996 fueled disintegration moods in the peripheral regions of Russia. Growth and maturing of the secessionist mood in the Russian Far East took place at the end of 1996 to the autumn of 1997. Already by this time in the eastern regions, from Chita to Vladivostok, who were suffering from social-economic devastation and poverty, Moscow was considered to be the major enemy; a large part of the local people dreamed to be rid of the "weak, greedy, corrupt and criminal" Moscow.

Several local leaders, including first of all Nazdratenko in Vladivostok, and possibly, Ishaev in Khabarovsk, Yakutia president Nikolayev, Magadan governor Tsvetkov, and Sakhalin governor Farkhutdinov began considering the opportunities for separating from Russia by transforming into independent states. To prepare for this, they began to establish local stocks of precious metals as the base for future issuing of independent currencies and to put local power systems under their control. In addition, during the period autumn 1996 to autumn 1997, the above-listed Far Eastern leaders were engaged in the following centrifugal activities:

- Khabarovsk governor Ishayev more or less "took on his balance" the local troops of the Russian army and Border Guards. Simultaneously, as the chairman of the Far Eastern and Trans-Baikal Association, he tried to transform this group of regions into a united block opposing Moscow. Ishayev considers the United States and Japan as the political and economic protectors of the future Far Eastern Republic.

- Maritime governor Nazdratenko produced a new series of anti-Chinese and anti-Moscow statements. Moscow's attempts to limit his authority during the summer-autumn of 1997 failed; Moscow's defeat gave new courage to other "rebels."

- Magadan governor Tsvetkov established strong ties to potential investors--in the local gold, silver, oil, fish industries--from the United States, Japan, and Canada and concluded several large-scale investment agreements. Simultaneously, despite fierce resistance from Moscow, he transferred the Magadan seaport to local control and established an independent regional Precious Metals Fund.

- The struggle between Moscow and the Yakutia Republic for the control of local resources, first of all diamonds, took, an especially ugly form from December 1996 to September 1997. Moscow used all means available, including, in practice, the economic blockade of Yakutia. Finally, Yakutsk, after suffering huge economic losses, yielded to Moscow pressure and in October 1997 signed a new agreement with De Beers about diamond export on Moscow-dictated terms. But, by the end of 1997, Yakutia had its own Golden Fund and even started the use of golden chips as salary payment. Simultaneously, Yakutiya upgraded its ties to US, UK, and Japanese business circles and reportedly made definite attempts to establish serious political ties to these countries.

The case of the "Eastern Arc" (including the Sakhalin region and Kamchatka and Chukotka peninsulas) is especially interesting. Sakhalin in March 1997 temporarily ceased tax payment to Moscow. By the summer of 1997, along with the growth of US and Japanese business presence at Sakhalin Island and a new deterioration of the local economy and the social sector, secessionist moods became very strong. By autumn 1997 the South Kurile islands population openly claimed a merger with Japan. Kamchatka's fishing industry effectively "separated" from Russia and integrated into the US-Japanese economies, and the desires of local people moved in the same direction. In Chukotka a large part of the local population and some of the districts' heads were actively considering "selling off" this region to the United States. Shortly, the entire Eastern Arc, as the zone most distanced from Moscow and most close to the United States, Canada, and Japan (not only geographically, but in economic and political aspects also) was by autumn 1997 dreaming for secession from Russia and merging (in any form) with the United States or Japan.

Other Separatist Flames

By the end of 1997, separation trends in Eastern Siberia and in the Northern Caucasus Muslim-dominated republics were also growing. Under the environment of a new economic crisis, the "flame of separatism" embraced not only the Russian Far East but also Eastern Siberia, the national republics of the Northern Caucasus, the Muslim-dominated republics of the Volga-Ural zone, and even Petersburg, with animosity toward Moscow becoming the dominating factor in all these regions. The dismissal in March 1998 of Chernomyrdin's government, which had very strong ties to regional leaders, became a crushing (maybe, final) blow to the integrity of Russia. In January-March 1998, the situation in these regions was as follows:

- The separatist movement became very strong in Petersburg, with the adoption of the "Petersburg Constitution" by the local Duma demonstrating the influence of separatist forces.

- In 1997 and the beginning of 1998, the Tatarstan Republic president Shaimiyev was transformed into an "almost sovereign ruler," and the share of ethnic Russians among the local leaders shrank.

- In February 1998, Kalmykia Republic president Ilyumjinov dismissed the republican government and put all executive structures under his own direct control, thus reducing Moscow's influence, which had already been weakened by that moment to almost zero.

- The Tuva Republic (the most southern part of Eastern Siberia) reestablished shamans and lamas (Buddhist monks) communities with serious influence as executive advisers. The republic effectively "fell out" of Russia and was considering codification of this separation.

- By spring 1998, the national (Muslim-dominated) republics of the Northern Caucasus, namely (in addition to Chechnya), Dagestan, Ingushetia, Kabardino-Balkaria, Karachaevo-Cherkessia, and Adygea, became de facto independent from Moscow. They began establishing their own armies, not controlled by Moscow. Some of them even started guerilla war against the ethnic Russian-dominated Stavropol region. In reality, Moscow had been holding these regions inside Russia only by paying tribute, just as in the 16th and 17th century Moscow had to pay tribute to the Crimean khan. Simultaneously the Russian-dominated Stavropol, Krasnodar, and Rostov regions were forming Cossack troops to fight, without Moscow support, the Muslim republics.

By the spring of 1998, it became clear that even such "centralizing" systems as a united power supply system, a united money system, the army, and a legal system based on the Russian Constitution became extremely weak and could not keep Russia together. Disintegration

became the unavoidable prospect. Leaders of the Russian Far East regions (mainly along the Trans-Siberian Railroad, and first of all, Khabarovsk governor Ishayev) started open discussions about the Far East reestablishing itself as a separate republic. They attempted to reestablish control over local armed forces. Ishayev published an interview in a Moscow paper that warned Moscow that "the Russian Far East is ready for separation or is separating already." By spring 1998, the influence of Moscow in the Russian Far East was reduced, in practice, to zero. Cessation of attacks on Maritime governor Nazdratenko demonstrated that point perfectly. During the period September 1997 to April 1998, the political-economic elites of the Far Northeast regions had also upgraded their ties to foreign (first of all, US, Japan, Canada, and UK) business circles in the form of raw materials export and investment project realization. Simultaneously, local political elites (especially, inside the "Eastern Arc") did their best to establish strong ties to the governors of Alaska and the state of Washington, Hokkaido island, and the British Columbia Province.

These trends were continued during the period May-August 1998. Separatist trends in the peripheral regions were stimulated by the new severe worsening of the financial and social-economic situation in Russia and, especially, the following:

- The blockade of major railroads, connecting the center with Eastern Siberia, the Far East, the Northern Caucasus, and the northeast of European Russia in May-June.

- The June events in Kalmykia (the murder of an opposition journalist) and Bashkortostan (the comedy-like reelection of acting president Rakhimov) showed that local leaders, without exaggeration, had been transformed into sovereign rulers.

- The victory of General Aleksandr Lebed in the Krasnoyarsk governor elections in May transformed the Krasnoyarsk region into a "consolidation center" of separatist forces all over Russia. This victory also demonstrated that Moscow is very weak and that peripheral regions are capable of speaking with Moscow "as equals."

- The capture of the government building in Makhachkala, capital of Dagestan Republic in May 1998 demonstrated that Moscow's authority in Dagestan and other North Caucasian Muslim republics had diminished, in practice, to zero.

By August 1998, several "centers of force," in the form mainly of regional governors' associations, emerged. These centers evidently will determine the geography of the forthcoming disintegration of Russia:

- The Moscow center (Mayor Yu. Luzhkov), which covers most of European Russia (except for Northern Caucasus, north of European Russia, Tatarstan, and Bashkortostan).

- The Yekaterinburg center (Governor Rossel), which covers most of the Ural zone.

- The group of national (Muslim) republics in the Northern Caucasus and Kalmykia, each of which is moving toward independence or had already reached de facto independence by August 1998.

- The Tatarstan (President M. Shaymiyev) and Bashkortostan (President M. Rakhimov) Republics as "associated members" inside Russia.

- The participants in the Siberian Agreement, covering Western Siberia.
- The Krasnoyarsk center (Governor A. Lebed), covering Eastern Siberia. At the same time, this center "screens" the Russian Far East from Moscow.
- The Khabarovsk center (Governor V. Ishayev), covering the Far Eastern and Trans-Baikal regions along the Trans-Siberian Railroad.
- The Yakutia Republic (President M. Nikolayev), Magadan region (Governor M. Tsvetkov), and Sakhalin region (Governor I. Farkhutdinov). Each of these regions approached de facto independence and was considering formal independence.
- Nobody's regions" (without strong leaders), awaiting further situation development in Moscow and in neighboring regions. These include the Murmansk region, the Karelia Republic, the Arkhangel'sk region in north European Russia, and the Far Eastern regions of Kamachatka and Chukotka.

Separation Trends After August 17, 1998

After the financial crisis of August 17, the financial capabilities of the Moscow center shrank almost to zero. Moscow lost, in practice, all the tools of situation influence, let alone control, in the peripheral regions. Half the Russian regions (local legislature assemblies), especially in the Russian Far East, demanded Yel'tsin's resignation. Several eastern regions permanently ceased tax payments to Moscow. In practice they started the final steps toward real (codified) independence. The leaders of Yakutia, Magadan, Sakhalin, and Khabarovsk are behaving more or less as independent rulers, both in internal policy and in ties to foreign countries.

Simultaneously, Moscow agreed with the transformation of Russia into a de facto confederation by praising the role of the regional governors' associations. These associations of regions will rapidly transform into new economic and political entities. Particularly, the Far Eastern Association--at least, part of it, covering the regions along the Trans-Siberian Railroad-- became the real prototype of the Far Eastern Republic and the last "intermediate point" before codification of this republic. The Far Northeast regions, eventually smashed by cold, hunger, and poverty, are engaged in a desperate search for large-scale foreign assistance and a reliable foreign protector (United States, Canada, Japan). The local leaders are awaiting the slightest support from abroad to start formal separation from Russia. The Kalmykia Republic in mid-November attempted to claim formal independence from Moscow. This became an "action signal" for many peripheral regions. Indeed, on November 19-20 in Khabarovsk, Far Eastern leaders made a "last warning (ultimatum)" to Primakov. In October-November, Russian and US media started discussing the possibility of "exchange of Chukotka, Kamchatka, and Sakhalin for Russian foreign debts." At the same time, Russian media started publishing detailed scenarios of disintegration during the spring 1999.

Finally, it appears certain that the Russian Far East and, first of all, the Far Northeast, are abandoning or have already abandoned Moscow's sphere of influence and are actively trying to enter the US (US-Canadian-Japanese) sphere of influence. The most decisive stages of this process may take place in first months of 1999. Eastern Siberia may follow the Russian Far East example by mid-1999. Precise developments in other regions cannot be forecast at this moment.

Appendix D

The Prospect of Disintegration Is Low

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Ever since the demise of the Soviet Union, Russians and foreign observers have debated whether Russia itself would eventually break up. The debate has ebbed and flowed with the intensity of the political struggle in Moscow. There is a logic to this: disarray in Moscow has allowed the more ambitious regional leaders to seize more power locally while compelling the more timid to assume more responsibility as a matter of survival.

Thus, the bitter struggle between President Yel'tsin and the Supreme Soviet that dominated Russian politics from late 1992 until the latter's abolition in October 1993 accelerated centrifugal forces. The referendum approving the new Constitution in December 1993 and elections to the national parliament the same day reinforced centripetal trends. Concerns about the country's unity were finally eased in February 1994 when Tatarstan, the only region save for Chechnya that had refused to participate in the elections, signed a bilateral agreement with Moscow declaring that it was part of the Russian Federation. Indeed, one can argue that Moscow's decision to use force against Chechnya late in 1994 was at least in part a consequence of Moscow's growing confidence that there were no serious separatist movements elsewhere in the country.

The debate reemerged with renewed intensity in the wake of the financial meltdown, and ensuing economic and political turmoil, of this past August. Regional leaders acted unilaterally in setting price controls and forbidding the export of certain products, primarily foodstuffs, from their regions (although in both cases the implementation was not always effective). Some spoke of creating local currencies or gold reserves. Yevgeniy Primakov, at the time of his confirmation as Prime Minister in September, warned that there was a growing danger of Russia's splitting up and vowed to take tough steps to avert it.[1]

Whether Primakov was exaggerating for political effect is an open question. Be that as it may, a review of fundamental conditions and trends suggests that Russia is unlikely to break up in the next decade, even though the state will remain weak or grow weaker. There are numerous factors--economic, social, and political--that tend to unify the country, and there are no outside powers now prepared to exploit Russia's strategic weakness for territorial aggrandizement, nor are any likely to emerge soon. The real issue is how power will be distributed within Russia and the implications of that distribution for Russia's ability to govern itself effectively and to project power abroad.

Disintegration and Failed States

At the outset, two terms need to be distinguished: disintegration and failed states.

For the purposes of this paper, "disintegration" signifies the breakup of Russia into two or more de facto independent states, none of which approximates today's Russia in potential power, or the annexation of Russian territory by other states that leaves Russia at a significantly lower lever of potential power than today, or some combination of the preceding two events.

By this definition, the secession of Chechnya (which has already occurred de facto), or of Kaliningrad Oblast (which is likely over the next decade), or of almost any other region by itself would not constitute the breakup of Russia, although each would create serious difficulties for the Russian state.[2] By contrast, the loss of the territory east of Lake Baikal would constitute breakup because it would deny Russia access to significant quantities of strategic raw materials and access to the Asia-Pacific region.

A "failed state" is a dysfunctional state, one that cannot carry out the core functions of a modern state, such as defense, preservation of domestic order, maintenance of a monetary system, tax collection and income redistribution, and provision of minimal social welfare standards. The crumbling of a state, however, is not the same as the breakup of a country, although countries with weak states are at risk of disintegrating. In fact, most failed, or failing, states in the world today remain at least de jure independent, even if, in many cases, their unity and borders are under threat.[3] For a failed state to break up, one of two things would have to occur: (1) centers of power would have to form within the state and begin to act like independent states in relation to the outside world, or (2) outside forces would have to intervene to carve it up.

Breakup Is Rare

It is also worth stressing at the outset how rarely states have disintegrated in the modern era, especially since the recent breakup of the Soviet Union, Yugoslavia, and Czechoslovakia would suggest otherwise. But the rule for the past 200 years has been that states endure while empires collapse. The French Revolution legitimized the principle of national self-determination that eroded the foundations of the great European empires and gave birth to dozens of states. That principle lies at the heart of the post--Second World War international system, it is enshrined in the UN Charter, and it gave impetus to the decolonization of Africa and Asia. In many ways, the breakup of the Soviet Union can be viewed as the culmination of this process, particularly if Moscow's domain is considered to have included the East European satellites, as well as the constituent Soviet republics.

At the same time, the international community has defended the principles of territorial integrity and sovereignty, and the United Nations is committed to preserving the independence and unity of its members. It has devoted considerable effort to holding together failed states, such as Somalia, Sudan, Liberia, Zaire, and Cambodia. Similarly, the United States and European institutions have gone to great lengths to maintain the semblance of a unified Bosnian state, even though a cogent argument could be made for breaking it up on the grounds of national self-determination.

As a rule, states that have broken up--even if only temporarily--have done so as the result of outside intervention rather than of domestic factors. Poland, for example, was partitioned by Germany and the Soviet Union in 1939. Germany was split in two by the Western Powers and the Soviet Union after the Second World War. More recently, Bangladesh split from Pakistan in 1971 after a civil war in which it received decisive assistance from India. The breakup of Czechoslovakia is the exception, a nonviolent divorce resulting primarily from internal factors.

More to the point, the disintegration of ethnically homogenous states for domestic reasons is unheard of. The only such state that has come close to breaking up for domestic reasons in the past two centuries is the United States, where differences over states rights led to civil war. With 82 percent of its population ethnic Russian, the Russian Federation falls into this class of ethically homogenous states. That hardly guarantees that it will not disintegrate, but it does put the onus on those who believe it will to demonstrate why Russia should prove to be the exception to modern historical experience.

Situation in Russia Today

It is not difficult to understand why Russian elites themselves worry so much about their country's unity. Over the past decade, one key trend in Russia has been the fragmentation, devolution, decentralization, erosion, and degeneration of power, both political and economic. In part, it has been the consequence of conscious policy decisions first by Gorbachev and then by Yel'tsin to modernize the Russian economy and political system by dismantling the hypercentralized Soviet state. In part, it has been an effect--and a cause--of the accelerated economic decline those policies precipitated. In part, it has been the result of global trends, especially in telecommunications and information technologies, that have tended to diffuse power worldwide. But, in larger part, it has been the byproduct of bitter interelite rivalries and governmental disarray in Moscow, or "the Center" as it is often called, that have eroded the Center's capacity to govern effectively and allowed regional leaders to seize greater power locally and businessmen to appropriate vast assets across Russia.

As a result, the Center no longer controls the political and economic situation. It no longer reliably wields power and authority, as it has traditionally, through the control of the institutions of coercion, the regulation of economic activity, and the ability to command the loyalty of or instill fear in the people.

The institutions of coercion are in abysmal conditions. A combination of slashed budgets, neglect, corruption, political infighting, and failed reform has put the military on the verge of ruin, according to a leading Duma expert on the military.[4] The Ministry of Internal Affairs (MVD), Russia's police force, is universally considered to be deeply corrupt and ineffective. Even the Federal Security Service (FSB), the successor to the once feared KGB, has faced serious budget constraints and experienced a sharp decline in its ability to monitor and control society.

Moreover, the Center does not enjoy the monopoly over the legitimate institutions of coercion it once did, nor does it necessarily reliably control those nominally subordinate to the Center. Military commanders are known to cut deals with regional and local governments in order to ensure themselves uninterrupted supplies of energy and provisions. Some military garrisons are supported with money from local entrepreneurs. Military officers and MVD and FSB officials routinely moonlight to earn extra income--or to cover for unpaid wages. As a result, the loyalty of the institutions of coercion to the central government--even of the elite units around Moscow--is dubious. This does not mean that they would carry out the will of local leaders--there is little evidence that they would--but rather that they would not necessarily defend the central government in a crisis.

As is the case with the institutions of coercion, the national financial system is in a shambles. It has collapsed for several reasons, including the Center's inability to collect taxes from both firms and individuals and its effort to cover the budget deficit through foreign borrowing and the issuance of various domestic debt instruments that amounted to little more than a massive pyramid scheme. The Center has not been able to meet its budget obligations for the last several years; in particular, wage arrears to budget workers, including soldiers, doctors, teachers, and other professionals, is a persistent problem.[5] The sharply devalued ruble remains the national currency, but the overwhelming majority of commercial transactions, up to 75 percent by some estimates, take place outside the monetized sector, in the form of barter or currency surrogates.[6]

Finally, for the first extended period in modern Russian history, the Center is neither feared nor respected. The lack of fear is evident in the pervasive tax and draft evasion, as well as in such mundane matters as the widespread nonobservance of traffic regulations. The lack of respect is evident in the general disregard for national holidays and monuments and the pervasive public distrust of high-ranking government officials and central government institutions, repeatedly recorded in public opinion polls.[7] Over the past year and a half, the internecine struggles for control of the central government among competing Moscow-based political/economic coalitions, most notably the vicious conflict between groups led by privatization mastermind Chubays and media magnate Berezovskiy, fueled public cynicism about the Center. At the same time, Yel'tsin's deteriorating health, both physical and mental, has reinforced pervasive doubts about the Center's strength and will.

In short, the Center now has only a minimal capacity to mobilize--or extract--resources for national purposes, either at home or abroad, and that capacity continues to erode.

The Center's weakness is now generally recognized in the West, and much attention has been focused on regional heads and the leaders of major financial-industrial groups, or the so-called "oligarchs," as the real holders of power. This view, however, tends to exaggerate the role of both the regional heads and the oligarchs and overlooks the great disparities in power relationships across Russia. Regional heads may be the most powerful at the regional level, but their power is limited by local elites, much as the president is constrained by national and regional elites. The mayors of administrative centers, especially if popularly elected, and the heads of major enterprises, particularly if they provide the bulk of funds to the regional budget, often act as effective counterweights to governors or republic presidents. The electoral cycle from September 1996 through February 1997 provided a graphic illustration of these limits: Incumbents won only 24 of 50 elections.[8] Similarly, the oligarchs have been facing growing competition from regional businessmen for well over a year. The financial meltdown of August and the ensuing economic turmoil have further undermined their positions, in part because their banks were heavily invested in the GKO market unlike most regional banks.[9]

Moreover, regional leaders have not capitalized on their newfound possibilities by developing joint positions vis-a-vis the Center. The eight inter-regional associations have been noteworthy primarily for their lack of concrete actions.[10] The Federation Council, where the regional leaders sit ex officio, has not developed the corporate identity the State Duma has. Regional leaders prefer to spend their few days in Moscow each month not debating legislation but individually lobbying government officials for funds for their regions. Although dozens of agreements have been signed between regions, economically and politically they are

growing increasingly isolated from one another. For example, according to one study,[11] only a quarter of a region's product is sent to other Russian regions, slightly less is exported abroad, and the rest is consumed locally. Similarly, regional media, which are now successfully competing with Moscow-based national media for local audiences, are extremely difficult to obtain outside of the area where they are published, while regional TV generally has quite limited coverage.[12]

Indeed, for most regional leaders, the preferred channel of communication is the vertical one with Moscow not the horizontal one with their colleagues. They have focused on signing bilateral treaties with Moscow delineating powers suited to their own situations, rather than on developing a uniform set of rules governing federal relations. This has led to the creation of what is commonly called an "asymmetric federation." This focus on relations with Moscow is understandable, given that most regions depend on transfers from the Center to meet their budgetary needs and that they must compete aggressively for the dwindling funds the Center can allocate.[13]

The devolution of power, contrary to widespread impressions in both Russia and the West, has not created strong regions as the Center weakened. Rather, the situation is better summed up as follows: "Weak Center--weak regions." That is, the striking feature of the Russian political and economic system is the absence of concentrations of power anywhere in the country capable alone of controlling the situation or of creating a coalition for that purpose. In this, Russia offers an imperfect parallel with feudal Europe, where power was also greatly dispersed.[14] For Russia, as it was for feudal Europe, the central question is where power will finally be concentrated with what consequences for the country as a whole.

Unifying Factors

In this absence of strong, organized centers of power, with the central state growing ever weaker, what holds the country together? There are several factors, including:

- *Geography*. Simply put, Russia is located a long way from any place that matters outside the former Soviet Union. Only 12 of 89 regions border on a country that was not once part of the Soviet Union (Murmansk and Leningrad Oblasts and Karelia border on Finland or Norway; Kaliningrad Oblast borders on Poland; the Altay Republic, Tuva, Buryatia, Chita and Amur Oblasts, the Jewish Autonomous Oblast, and Khabarovsk and Primorskiy Krays border on China, Mongolia, or North Korea). In addition, Sakhalin Oblast, an island, lies close to Japan. By contrast, all of the 15 constituent republics of the Soviet Union bordered on foreign countries or open seas. As a result, the overwhelming majority of regions, should they declare themselves independent, would find themselves isolated within Russia or the former Soviet Union. This acts as a major disincentive to secession.

- *Economic Infrastructure*. The so-called "natural monopolies," Gazprom (the giant gas monopoly), RAO YeES (the United Power Grid), and the railroads, all have networks that link the country together, as does the river transport system. Those areas not served by these networks are isolated regions in the Far North.[15]

- *Production Processes*. Most Russian enterprises operate on the basis of inputs from other Russian firms. The financial meltdown of August and the subsequent threefold devaluation of the ruble have reinforced this tendency by greatly increasing the cost of imports. As a general rule, the more technologically complex the production process, the more extensive the territory from which inputs are drawn. Airplane construction, for example, depends on inputs from dozens of firms across Russia; brick production is a local matter. In addition, in an economy increasingly dependent on barter, enterprises have been compelled to devise complex

networks within Russia (or, more broadly, within the CIS) both to sell their goods and acquire inputs.[16]

- *Fiscal and Monetary System*. Most Russia's regions depend on transfers from the federal government to fund their activities. In 1997 only eight regions did not receive money from the federal Fund for the Financial Support of Subjects of the Federation, although even these received funds for federal programs carried out on their territory.[17] Moreover, despite repeated threats by regional leaders to withhold taxes from Moscow, doing so has proved difficult in practice.[18] Meanwhile, the demonetization of the economy both fragments the economic space and isolates regions from the outside world.

- *Political Structures*. The Constitution provides a framework for governing the country, even if most bilateral agreements between Moscow and individual regions, many regional charters, and much local legislation violate constitutional provisions. These violations are better seen not as challenges to the country's unity but as part of a multifaceted negotiation on building federal structures. Regional leaders speak primarily of the proper balance of power between Moscow and the regions, not of independence.

- *Party-list voting* for the State Duma also tends to unify the country, because regional parties are forbidden to participate. Moreover, the one party with a dense countrywide network and a mass following, the Communist Party, supports a strong central state.

- Finally, *power is dispersed across the country*. Unlike the Soviet Union and other countries that have broken up, Russia lacks two or more organized major centers of power vying for control of the country (which at the extreme could lead to civil war) or seeking to set up independent states. There are no significant separatist forces outside of Chechnya and, perhaps, Dagestan, but even the formal independence of either of those regions would not tear the country apart. Tellingly, major regional figures, such as Moscow Mayor Luzhkov, Krasnoyarsk Governor Lebed, Orel Governor Stroyev, and Saratov Governor Ayatskov, harbor ambitions to become president or at least influential players in national-level politics.

Political Will and the International Environment

Most of the conditions listed above were, of course, true for the Soviet Union; nevertheless it broke up. Why should Russia's fate be any different? The reason lies in two areas: political will and the international environment.

As polls consistently demonstrate, the overwhelming share of the population and elites of Russia wants to live in a Russian state. To the extent that Russians do not recognize the Russian Federation as their country, it is because they believe Russia is something larger--including much, if not all, of the former Soviet Union--not because they want to see the Federation collapse.[19] In large part, this sentiment is a consequence of a common history, culture, and customs. Russia is an ethnically homogenous state, much more so than the Soviet Union was. For example, according to the last census (1989), ethnic Russians accounted for just over 50 percent of the Soviet population; they account for over 80 percent of the Russian population. Muslims accounted for about 18 percent of the Soviet population but only 8 percent of Russia's population.[20] Moreover, ethnic Russians are the largest ethnic group in all but 11 of the 32 ethnically based subjects of the Federation. They form an absolute majority in 18.

As for the international environment, there is no outside power that is prepared to exploit Russia's weakness and interfere aggressively inside the country, and no such power is likely to emerge for several years at a minimum. In part, this is so because perceptions of Russia's weakness lag behind realties. Russia still enjoys a reputation for power among its neighbors, and the conventional wisdom is that Russia will eventually regain sufficient power to back its Great-Power pretensions. The large nuclear arsenal, although deteriorating, still serves as a symbol of power sufficient to deter major outside intervention.

In addition, most of Russia's neighbors are focused on their own domestic agendas rather than external expansion (for example, Iran and China) or on rivalries with states other than Russia (for instance, Pakistan and India). Some states (for example, Turkey, Iran, and Saudi Arabia) are undoubtedly fishing in the muddy waters of the Caucasus, including territories within the Russian Federation, but their strategic goals are limited to the Caspian region and Central Asia. There is little desire--or

capacity--to penetrate further into Russia. In sharp contrast to the way outsiders exploited the Baltic and Ukrainian nationalist movements to undermine the Soviet Union, any outside group that might seek Russia's dismemberment lacks such potent levers to use inside Russia today.

Finally, no major power sees the breakup of Russia in its interests, even if many may see benefits from a weak Russia. The United States and Europe are already concerned about the implications of Russia's weakness for the safety and security of weapons of mass destruction and the materials to build them and about the potential for major instability in Russia, which would inevitably spill over into Europe. Russia's breakup would only exacerbate both those problems. For its part, China is seeking to build partner-like relations with Russia, both because of the technology transfers it hopes to receive and because it believes it can use Russia to help counter US ambitions in East Asia.

Indicators of Future Developments

Overall, this review indicates that Russia is far from being on the verge of breaking up. Nevertheless, the consequences of that happening would be so vast that the situation bears close watching. What in particular should we be watching?

First of all, we should be especially attentive to changes in patterns of communication, interaction, and subordination. So far, we have witnessed primarily the breakdown and localization of old patterns, not the creation of new ones. The creation of new patterns should indicate where concentrations of power are emerging in Russia; how the importance of Moscow, as compared to other centers in Russia, is changing for specific regions; and whether any regions are being drawn into the orbit of outside powers. For example:

- Should the residents of Vladivostok start placing more phone calls to Beijing than to Moscow or vacationing more often in Japan than in Russia, that would be a new pattern suggesting that Russia's integrity was under stress.
- How often and to where regional leaders travel would give a good sense of their priorities. Increased travel to neighboring regions would indicate the growth of horizontal ties as a counterbalance to Moscow. Increased travel abroad to a single country would indicate a relative diminution of Moscow's standing and could give early warning of a threat to the country's unity.
- The construction of new roads and pipelines can tighten a region's links to the rest of Russia or to a neighboring state.
- The widespread circulation of Chinese *yuan* as a parallel currency in Russia's Far East would suggest closer ties to China and would pose a threat to Moscow's role. (That Russians might prefer dollars, an international currency, to the ruble is understandable, but preferring the *yuan* is an entirely different matter.) Contrariwise, the rublization of the economy would indicate Moscow's growing influence and would augur well for the country's unity.
- The breakdown of military discipline, or the refusal to obey orders, is obviously a serious matter for Moscow. An even more serious situation would arise, however, should military commanders start to take orders from regional authorities.

Second, we need to monitor the attitudes of outside powers to Russia and to consider events that might lead to a radical change in their propensity to intervene in Russia:

- How would the United States and other powers react to widespread instability or violence in Russia? Would they intervene as the Great Powers did during the Civil War of 1918-21 to protect their interests?
- What would be the response to a second Chernobyl' on Russian territory, or to clear indications that the system for securing Russia's nuclear arsenal had grievously broken down? Would the United States feel compelled to intervene to secure the nuclear facilities or weapons? How would the United States respond if regional authorities requested our intervention but Moscow was opposed?

- How would China, the United States, and Japan react to the depopulation of Russian territory east of Lake Baikal? The region is rich in resources, but sparsely populated. Moreover, there has been an outflow with the sharp economic downturn since 1991. And, the outflow is likely to accelerate if Russia makes progress toward a market economy with greater labor mobility. The region, it should be recalled, was settled largely for strategic, not commercial, reasons; only considerable investment in building market infrastructure--unlikely any time soon--would anchor the population there. At what point, if ever, would any of the three powers be tempted to move in to exploit the resources or to deny them to another power?

Concluding Thoughts

Russia has always held surprises for those bold or foolish enough to predict its future. Few observers foresaw the demise of the Soviet Union a decade in advance, and many thought it unlikely even as little as a year or two before it occurred. Many Western observers failed to realize the country was in decline, although that was the reason Gorbachev and his allies began the effort to reform it. Now the situation is even more complex. Both Russia and the world are changing rapidly as the world adjusts to the end of the Cold War and deals with the ramifications of economic globalization. Much can occur--and some undoubtedly will--that will upset even the best argued forecasts. Nevertheless, a few judgments appear to have good chances of standing up over the next decade:

- First, Russia is unlikely to break up. Domestic conditions and the international environment militate against such a development, and changes in either that would lead to the contrary outcome themselves appear unlikely.

- Second, if, contrary to expectations, Russia does break up, it will not break up in the way the Soviet Union did. The Soviet Union was undone by movements for national self-determination, unleashed by the loosening of political restraints Gorbachev deemed necessary to modernize the economy, and Moscow's unwillingness to use massive force to restrain them. National self-determination is not a grave threat to the unity of the ethnically homogenous Russia.

- Third, Russia's weakness vis-a-vis the outside world is a greater threat to its unity than any domestic divisions. In other words, Russia is more likely to be pulled apart than to break up, however unlikely either development might seem at the moment. Consequently, outside perceptions of what is happening in Russia will be a critical factor in determining its future.

- Fourth, the most likely scenario for Russia over the next decade is further muddling down. But muddling down to what? The question is not trivial, because the way Russia muddles down will have significant consequences for its longer term future and its role in the world. The key question will be how and where power is concentrated, if it is concentrated at all.

If power is not concentrated, if it continues to fragment and erode, then Russia is on the path to becoming a failed state. That will increase the chances that Russia will break up over the longer run; it will raise grave risks for any nonproliferation regime. These issues are well recognized in the West. Little attention has been given, however, to another matter. Such a development would mark a tectonic shift in geopolitics. There would be considerable opportunity costs because Russia would be lost as a power that could help manage the rise of China in East Asia, stabilize Central Asia, and consolidate Europe and manage its emergence as a world power.

If power is concentrated, that can happen either in Moscow (or one other place) or in several regions. In the first instance, Russia would be repeating its historical pattern of recentralization after a period of weakness, drift, and chaos. Recentralization, the return to a unitary state, would almost inevitably entail a resort to more authoritarian methods of governance, as it has throughout Russian history. Whether it could generate an efficient economy is another matter. Much would depend on how open such a Russia would remain to the outside world.

The second path would mark a radical break with Russian history and provide the opportunity for building a genuine federation. It could also lead to the peaceful augmentation of the Federation through the voluntary ascension of regions from other former Soviet states. Like Russia, all these countries are suffering from weak government; all are experiencing their own forms of fragmentation and erosion of power. Should Russia appear to be rebuilding itself in a way that guarantees considerable local autonomy while promising the benefits of economies of scale, many regions might be tempted to join it, especially in Belarus, eastern Ukraine, and northern Kazakhstan, which enjoy considerable historical, ethnic, and cultural ties to Russia. Such a federation could, much like the United States although not at the same level, build a prosperous domestic economy while creating the capability to project considerable power abroad.

[1] See *RFE/RL Newsline*, September 14, 1998.

[2] Few regions alone are critical to Russia's overall potential. One exception is the resource-rich East Siberian region of Krasnoyarsk, the second-largest in territory. Its secession would effectively split the country in two, separating the Russian Far East from European Russia.

[3] On failed states, see Gerald B. Helman and Steven R. Ratner, "Saving Failed States,"
Foreign Policy 89 (Winter 1992/93), pp. 3-20. The authors draw examples from the Third World, but indicate that failed states could emerge among the successors to the Soviet Union.

[4] Aleksey G. Arbatov, "Military Reform in Russia: Dilemmas, Obstacles, and Prospects," *International Security* 22/4 (Spring 1998), pp. 83-85.

[5] Central Bank of the Russian Federation, "Osnovnyye napravleniya yedinoy gosudarstvennoy denezhno-kreditnoy politiki na 1999 god," *Kommersant-Daily*, December 8, 1998, p. 3-6). (http://www.mosinfo.ru:8080/news/kd/98/12/data/kd120822.html)

[6] According to a study of over 200 enterprises by the Interdepartmental Commission on Balances of the Federal Bankruptcy Service, nearly three-quarters of their earnings are in the form of barter or promissory notes, that is, they lie outside of the monetized sector. See "Zhizn' vzaymy," *Ekspert* No. 8 (March 2, 1998), p. 13.

[7] Yu. A. Levada, "Vlast' i obshchestvo v Rossii glazami obshchestvennogo mneniya, in N.A. Zorkaya, ed., *Vlast' i obshchestvo: Resul'taty reprezentativnogo oprosa zhiteley Rossii: Analiz i materialy* (Moscow: The Moscow School for Political Studies, 1998), pp. 11-25.

[8] See Michael McFaul and Nikolay Petrov, eds., *Politicheskiy al'manakh Rossii 1997*, Vol. 1 (Moscow: Moscow Carnegie Center, 1998), pp. 117-118, 271, 279-281.

[9] Gleb Baranov, "Banki iz pervoy desyatki popali vo vtoruyu tysyachu," *Kommersant-Daily*, December 12, 1998.

[10] See Vladimir Lysenko, *Razvitiye federativnykh otnosheniy v sovremennoy Rossii* (Moscow: Institute of Contemporary Politics, 1995), pp. 61-65. See also Vladimir Shlapentokh, Roman Levita, and Mikhail Loiberg, *From Submission to Rebellion: The Provinces Versus the Center in Russia* (Boulder, Colorado: Westview Press, 1997), pp. 197-200.

[11] A. Labrov, L. Polishchuk, and A. Treyvish, "Ekonomicheskiye problemy stanovleniya federalizma v Rossii," Paper prepared for the Conference on "Contemporary Russian Federalism: Problems and Prospects," Moscow Carnegie Center, December 10, 1997, p. 4 and attached map.

[12] Anatole Shub, "Seven Russian Midsize Media Markets," *Audience Analysis* [Washington, DC: US Information Agency, April 7, 1997 (M-53-97)]. See also Vyacheslav Kostikov, "Imperator i solov'i," *Nezavisimaya gazeta*, March 4, 1998.

[13] For commentary on these bilateral treaties, see the essays by M. N. Guboglo, S. M. Shakhray, and V. N. Lysenko in M. N. Guboglo, ed., *Federalizm vlasti i vlast' federalizma* (Moscow: IntelTekh, 1997), pp. 108-193.

[14] See Samuel P. Huntington, *Political Order in Changing Societies* [New Haven and London: Yale University Press, 1968 (paperback edition, 5th printing, 1971)], pp. 148-176.

[15] See the maps in *USSR Energy Atlas* (Central Intelligence Agency, January 1985), pp. 32, 55, and 59, and in *Atlas SSSR* (Moscow: The Main Administration of Geodesy and Cartography under the USSR Council of Ministers, 1996), pp. 166-167.

[16] For an example of barter arrangements, see Michael Gordon, "As Ruble Withers, Russians Survive on Barter," *The New York Times*, September 6, 1998.

[17] See A. Lavrov, V. Shuvalov, A. Neshchadin, and E. Vasilishen, eds., *Predprinimatel'skiy klimat regionov Rossii: Geografiya Rossii dlya investorov i predprinimateley* (Moscow: Nachala-Press, 1997), p. 126.

[18] On the tax-collecting system and budget federalism, see Alexander Morozov, "Tax Administration in Russia," *East European Constitution Review* (Spring/Summer 1996), pp. 39-47; and Maksim Rubchenko, "Mify byudzhetnogo federalizma," *Ekspert* No. 45 (November 30, 1998). (http://koi.www.expert.ru/current/number2/98-45-62/data/tishkov.htm)

[19] See Russian Independent Institute for Social and National Problems, *Massovoye soznaniye rossiyan v period obshchestvennoy transformatsii: real'nost' protiv mifov*, Moscow, January 1996, pp. 11-14. The survey on which this analysis is based was conducted in October 1995. See also N.A. Zorkaya, ed., *Vlast' i obshchestvo,* p. 26. The survey on which this analysis is based was conducted in February/March 1998.

[20] For further thoughts on the social and culture factors that unite Russia, see Al'gis Prazauskas, "Slagaeyemyye gosudarstvennogo yedinstva," *Pro et Contra* 2/2 (Spring 1997), pp. 22-29.
