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Who Takes Care of the Residents? United Russia and the Regions Facing the Monetization of *L'goty*

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Introduction

The political scene in Russia since the collapse of the Soviet Union experienced a dramatic change at the turn of the century. One of the major changes is the appearance of the ruling party, United Russia, whose presence is now expanding throughout Russia. Moreover, as demonstrated in the bill on the new gubernatorial appointment system – the majority party of the regional legislature recommends the candidates for governors – the existence of United Russia is considered to be a precondition in planning the Russian political system.[1] Currently, most of the governors (sixty-nine governors out of seventy-six belong to United Russia as of April 2009) and incumbent elites from administrative and legislative organs at the regional and local levels belong to United Russia. As many observers have insisted, the governors seem to be struggling for an electoral campaign supporting United Russia in order to survive under the gubernatorial appointment system, inducing the regions to become organized into one unified political entity, which makes it difficult for them to resist the federal center.

Although regional power has been reduced during the Putin era, it might be too simplistic to believe that the regions have completely lost their significance. In order to better understand the state of the Russian political system, this paper will clarify how the regions act within United Russia, a crucial question in grasping the current state of Russian politics characterized by a "dominant" party regime.[2] In this paper, the author finds that the regions still matter because of their political resources derived from their role as a public service provider. United Russia's electoral machines in the regions might act inconsistently with the policies of the party headquarters in order to maintain their political resources at the regional level.

This paper contributes three points to previous studies. First, it focuses on the regions, which acted autonomously during the 1990s but were gradually incorporated into United Russia. This study is relatively new because the problems regarding federal reforms and the institutionalization of United Rus-

1 The bill passed the second reading on March 18, 2009 (*Kommersant*, March 19, 2009).

2 Thomas F. Remington, "Patronage and Power: Russia's Dominant Party Regime," *Politische Vierteljahresschrift* 49:2 (2008), pp. 213–228.

sia tend to have been treated separately.[3] Second, this study intends to bring the masses back into the discussion about United Russia. The main point is that the electoral machines composed of the administrative organs are vulnerable to the dissatisfaction of the public service beneficiaries who have the right to vote, contrary to the conventional view, which emphasizes the "omnipotence" of the so-called administrative resource. By analyzing the difficulty in maintaining the administrative resource, the author attempts to modify previous studies on United Russia, which have been too elite-centric.[4] Finally, this paper presents the weaknesses of United Russia in terms of center-region relations. Since the regional and local administrations have their own potential political resources at their disposal, it prevents United Russia from becoming a vertically unified ruling party. This contributing point is extremely important in observing the future of United Russia.

The argument proceeds as follows. The next section provides the analytical framework of the potential political resource at the regional level, which derives from the administrations' efforts to avoid the marketization of public service provision. We will then see how the regions attempted to maintain their political resource, by examining the case study of Khabarovsk Krai, especially the monetization of *l'goty*, which was introduced by federal law No. 122 approved on August 22, 2004.

The Dilemma of Administrative Resource in the Regions

Parties of Administration in the 1990s

In the 1990s, the regional administrations formed the electoral machines, which functioned as a political party substitute, preventing national political parties from penetrating into the regional level.[5] Following Matsuzato's term,[6] this paper terms these electoral machines formed by the regional and local

3 As an exception, see Andrew Konitzer and Stephen K. Wegren, "Federalism and Political Recentralization in the Russian Federation: United Russia as the Party of Power," *Publius: The Journal of Federalism* 36:4 (2006), pp. 503–522.

4 Kenneth Wilson, "Party-system Development under Putin," *Post-Soviet Affairs* 22:4 (2006), pp. 314–348; Vladimir Gel'man, "Political Opposition in Russia: A Dying Species?," *Post-Soviet Affairs* 21:3 (2005), pp. 226–246; Vladimir Gel'man, "Party Politics in Russia: From Competition to Hierarchy," *Europe-Asia Studies* 60:6 (2008), pp. 913–930; Ora John Reuter and Thomas Remington, "Dominant Party Regimes and the Commitment Problem: The Case of United Russia," *Comparative Political Studies* 42:4 (2009), pp. 501–526.

5 Henry E. Hale, *Why Not Parties in Russia?: Democracy, Federalism, and the State* (Cambridge, New York: Cambridge University Press, 2006).

6 Kimitaka Matsuzato, "Progressive North, Conservative South? Reading the Regional Elite as a Key to Russian Electoral Puzzles," in Kimitaka Matsuzato, ed., *Regions: A Prism to View the Slavic Eurasian World* (Sapporo: Slavic Research Center, 2000), pp. 145–155; Kimitaka Matsuzato, "Elites and the Party System of Zakarpattya *Oblast'*: Relations among Levels of Party Systems in Ukraine," *Europe-Asia Studies* 54:8 (2002), pp. 1267–1299.

administrations "parties of administration." Parties of administration are defined as regional and local administrations that organize electoral campaigns for themselves, thereby functioning similarly to a pseudo-party. A party of administration was a kind of ruling party in the regions that included incumbent political and economic elites, but was not directly connected to the pro-presidential electoral bloc formed at the federal level.

Since this body was mainly composed of administrative organs, the party of administration has been known for its ability to mobilize the "administrative resource" (*administrativnyi resurs*). The term "administrative resource," which means the ability of an administration to mobilize the electorate and sometimes commit electoral fraud,[7] is a cliché when we speak about Russian politics; however, there is another way of understanding this term. The administrations might acquire their own political resources, which can also be referred to as "administrative resources," derived from their role as public service providers.[8]

However, this political resource can become available through somewhat "passive" means in the context of post-communism, when the main source of their political resource had to be reduced under pressure to retreat from the private sphere. On the one hand, administrations are to privatize some of their public services in accordance with the transition to a market economy. For example, the state should abandon Soviet-style services provided at extremely low cost, such as housing and repair fees and the supply of water, electricity, and gas. On the other hand, the retreat of the state dissatisfies residents because it brings with it price increases in daily necessities. The regional and local administrations, which utilize their administrative resources at the time of election, face extremely difficult circumstances. If an administration fails to preserve the level of its public service provisions, it will provoke serious public dissatisfaction, which will result in this significant political resource for mobilizing the electorate being lost. This is one of the reasons that these administrations maintained service provisions even under the severe financial conditions of the 1990s.[9] Thus, the regional and local administrations struggle to maintain their previous service provisions in order not to lose this potential political resource.

The political resources obtained by the regional administrations through the above-mentioned mechanisms contributed to the under-institutionaliza-

7 A. B. Vorontsova, V. B. Zvonovskii, "Administrativnyi resurs kak fenomen rossiiskogo izbiratel'nogo protsessa," *Politicheskie issledovaniia* 6 (2003), pp. 114–124.

8 One of the reasons for the rare attention in previous studies is that it was not the federal government but the regional and local administrations that were mainly responsible for taking care of their residents.

9 Collier and Way mentioned this point in the Russian regions in their study on Georgia. Stephen J. Collier and Lucan Way, "Beyond the Deficit Model: Social Welfare in Post-Soviet Georgia," *Post-Soviet Affairs* 20:3 (2004), p. 263.

tion of the political parties in the regions in the 1990s. The regional parties of administration were strong enough to conduct their electoral campaigns autonomously from the federal-level political parties. It was an ideal case that demonstrated how the partial reform equilibrium was maintained.[10] Thus, this political resource in part explains the parties of administrations' ability to act autonomously from federal-level party politics.

Political Resources in the Regions during the Putin Era

United Russia was officially founded in 2001. The formation of United Russia was followed by a series of institutional reforms – the introduction of the proportional electoral system to regional parliaments,[11] the abolishment of the SMD portion in the Duma elections, and the reinforcement of the legal requirements for political parties[12] – to strengthen its party discipline. Although the effects of these reforms were limited in the first stage, the parties of administration in the regions gradually became embedded in United Russia.

After the incorporation of the parties of administration into United Russia, however, the regional administrations still have their potential political resources at their disposal. The regions continue to function as policy implementers, especially with regard to welfare provision, which has been extremely significant in contemporary Russia. In the fall of 2005, the National Priority Projects of the Russian Federation were introduced to develop social welfare with additional funding from the federal-level government. Four projects were selected focusing on public health, education, housing, and agriculture. Although such federal-level projects might change the state of welfare provision in the long run, these national projects are implemented and even funded additionally by the regional administrations, with some room for regional autonomy remaining.

The electoral machines of United Russia in the regions – the former parties of administration – should agitate for United Russia as a unified ruling party, also mobilizing the political resources that derive from the everyday work of the regional and local administrations regarding the provision of goods and services. In this situation, the regions cannot escape from the dilemma. On the one hand, the regional and local administrations should prioritize over the

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10 Kathryn Stoner-Weiss, "The Limited Reach of Russia's Party System: Underinstitutionalization in Dual Transitions," *Politics & Society* 29:3 (2001), pp. 385–414; Grigorii V. Golosov, "The Vicious Circle of Party Underdevelopment in Russia: The Regional Connection," *International Political Science Review* 24:3 (2003), pp. 427–444.

11 For the outcomes of the proportional electoral system, see Grigorii V. Golosov, "What Went Wrong? Regional Electoral Politics and Impediments to State Centralization in Russia, 2003–2004," *PONARS Policy Memo* 337 (2004).

12 For analysis of these institutional changes, see Wilson, "Party System Development" and Regina Smyth, Anna Lowry, and Brandon Wilkening, "Engineering Victory: Institutional Reform, Informal Institutions, and the Formation of a Hegemonic Party Regime in the Russian Federation," *Post-Soviet Affairs* 23:2 (2007), pp. 118–137.

reform plans set by the federal center, lest they should provoke public dissatisfaction. On the other hand, they have to act in concert with the federal center to secure their position within a centralizing state structure by mobilizing their political resources.

United Russia can be seen as a "government party," a party intertwined with the administrative organs that is capable of using its organizational, human, and financial resources exclusively.[13] However, as long as the regional and local administrations maintain their own political resources, it would be difficult to consider United Russia as a unified government party because the constituents of the party at the regional level might act inconsistently with the former. So, how can we evaluate the current situation of United Russia in terms of its relations with the regions? How do the regions deal with their residents, and with United Russia? These are the main research questions of this paper.

Case Selection

In order to observe the relations between United Russia and the regions, let us remember the biggest crisis provoked by law No. 122 on the monetization of *l'goty* (in-kind benefits)(See p. 102). The monetization of *l'goty* was intended to readjust the paternalistic relations between the state and the people who were in need during the economic turmoil of the 1990s. Therefore, an analysis of monetization will enable us to capture the trends in the efforts to preserve public service provision by the former parties of administration in the regions. In addition, a consideration of the crisis is crucial in analyzing center-region relations in Russia because it happened just after the introduction of the gubernatorial appointment system. At that time, most governors had been elected before, but they began to pay more attention to their relations with the Kremlin in order to survive under the gubernatorial appointment system.

This article focuses on the case of Khabarovsk Krai, whose ex-governor, Viktor Ishaev, held this post through the entire post-Soviet period until April 2009. While he could rule autonomously from the federal center by securing stability of his power in Khabarovsk Krai, in the course of centralizing reforms, Ishaev could not escape from federal-level politics. He became a member of United Russia; he was even elected as a member of the Supreme Council Bureau of the party. In light of this, can United Russia now mobilize all the supporters of Ishaev with his incorporation into the party? However, the story behind this is not so simple. Regions with strong leaders such as Khabarovsk

13 Kiichi Fujiwara, "Seifuto to zaiyato [The Government Party and the Oppositions]," in Yoshiyuki Hagiwara, ed., *Koza gendai ajia 3: Minshuka to keizaihatten* [Courses on Southeast Asia 3: Democratization and Economic Development] (Tokyo, 1994), pp. 229–269; Atsushi Ogushi, "Toward a Government-Party Regime? United Russia in Perspective," Paper presented at the Annual Convention of the American Association for the Advancement of Slavic Studies, held in New Orleans on November 15–18, 2007.

Krai might be the last bastions of regional power within United Russia because they can mobilize their own political resources without relying on the party. Through a case study on Khabarovsk Krai, we can comprehensively explore the difficulties in realizing political centralization. This will help us understand the dynamics of federation-region relations in present-day Russia.

The information in this paper is mainly based on local newspapers,[14] official publications, and the author's interviews with local politicians, scholars, and journalists conducted in March-April 2009. Let us examine the process focusing mainly on the situation in Khabarovsk Krai.

The Party of Administration in Khabarovsk Krai

The Party of Administration in Khabarovsk Krai in the 1990s

Khabarovsk Krai is the most industrialized territory of the Russian Far East. The capital city is Khabarovsk City, where the office of the presidential envoy in the Far Eastern Federal District is located. The ex-governor of Khabarovsk Krai, Viktor Ishaev, was one of the longest-in-post governors of Russia until his appointment as presidential envoy to the Far Eastern Federal District on April 30, 2009.[15] Ishaev began his career in 1964 in a shipbuilding factory in Khabarovsk Krai, where he went on to become vice director. After that, he served as director of the Khabarovsk factory of aluminum constructions from 1988 to 1990. Next, Ishaev was appointed as the first deputy chairman of the *ispolkom* (executive committee) of the Khabarovsk Krai Soviet in 1990.[16] He rose to the position of head of administration of Khabarovsk Krai following his appointment by President El'tsin on October 24, 1991.[17] Since then, he has been elected three times with the following considerably high turnouts: 77 percent (December 8, 1996), 80 percent (December 10, 2000), and 85 percent (December 19, 2004). After the introduction of the gubernatorial appointment system, he was approved by the regional parliament on July 9, 2007.

In Khabarovsk Krai, as in other regions, the electoral machine was formed by the *krai* administration, together with the local administrations.

14 There are two main daily newspapers in Khabarovsk Krai: *Tikhookeanskaia zvezda* (the former newspaper of the Communist party) and *Priamurskie vedomosti* (the official newspaper of the *krai* administration). Since these papers follow the electoral campaigns of incumbent elites, we can trace the official discourses provided by these authorities. Among the newspapers in Khabarovsk Krai, only the *Kommersant* occasionally reports issues from an opposing of view.

15 Instead of Ishaev, President Medvedev recommended Viacheslav Shport, a former Duma deputy and deputy head of the *krai* administration as governor of Khabarovsk Krai.

16 Official biography of Ishaev: http://www.dfo.gov.ru/plenipotentiary/biography (accessed October 18, 2009).

17 Ukaz Prezidenta RSFSR No. 154 on October 24, 1991 "O glavakh administratsii Vologodskoi, Orenburgskoi, Penzenskoi, Pskovskoi, Ul'ianovskoi i Cheliabinskoi oblastei, Stavropol'skogo i Khabarovskogo kraev," *Vedomosti S''ezda narodnykh deputatov RSFSR i Verkhovnogo Soveta RSFSR* 44 (1991), st. 1473.

Ishaev sometimes referred to it as "My party – Khabarovsk Krai" (*Moia Partiia – Khabarovskii Krai*) (other people sometimes called it "Our party – Khabarovsk Krai"), but the party of the *krai* administration was not registered as an official electoral bloc. In addition to this informal character, the party of administration in Khabarovsk Krai was not directly connected to the national political parties.

As is obvious from the extremely high turnout rate for Ishaev, the governor's party was functioning effectively in Khabarovsk Krai. The popularity of Ishaev was based on his character as a pragmatic person or *khoziaistvennik*. The main appealing points of the governor and the party of administration were his achievements in the social sphere, such as ZhKKh (housing and public utility services). Although the achievements were limited by financial difficulties, the ruling elite in Khabarovsk Krai was proud of its superiority among the regions located in the Far East. Public support for the party of administration in Khabarovsk Krai was mainly based on the efforts and achievements of the *krai* administration. As long as the *krai* administration succeeded in functioning as a service provider, it was not necessary for the regional establishment in Khabarovsk Krai to join the pro-presidential electoral blocs at the federal level.

Incorporation of the Party of Administration into United Russia

Faced with the upcoming national elections in 1999, the parties of administration at the regional level sought an alliance with a federal-level ruling party. However, the greatest problem with such an alliance was that the ruling camp at the federal level was highly unsettled during the 1990s. At the time of the 1999 election, there were potentially two parties of power – Fatherland-All Russia and Unity. Each regional elite community had to choose an electoral bloc, which seemed more likely to become a real government party, to side with.

At first, the party of power in Khabarovsk Krai made a great effort to support Fatherland-All Russia. Ishaev even became a member of the Presidium Council of All Russia.[18] Members of the incumbent regional political elite, such as Zoia Sofrina (deputy chairman of the *krai* parliament) and Evgenii Isakov (*krai* parliament deputy), joined the regional branch of Fatherland-All Russia, which was headed by Vladimir Likhobabin, the rector of the Academy of Law and Economics in Khabarovsk City.[19] However, the situation was suddenly resolved. When the Kremlin-launched electoral bloc Unity appeared just a few months before the election, Ishaev quickly put his name on the party list of Unity, stressing the need to prevent meaningless political strife, without mentioning that Unity was also one of the electoral blocs struggling for power.[20] Ishaev

18 All Russia together with Fatherland of Moscow mayor Luzhkov formed Fatherland-All Russia in August 1999. *Priamurskie vedomosti*, October 22, 1999.

19 *Tikhookeanskaia zvezda*, April 3, 1999.

20 *Tikhookeanskaia zvezda*, September 23, 1999.

mentioned that he did not intend to change his political position, or identification with the "party" whose name is "My party – Khabarovsk Krai."[21]

The regional branch of United Russia was founded in accordance with the official establishment of United Russia. Even after the governor was chosen to be a member of the Supreme Council of United Russia, it was difficult for United Russia to penetrate Khabarovsk Krai. There was a conflict between the regional branch of United Russia and party headquarters. Party delegates from Moscow severely criticized the regional branch for its use of money, making United Russia members in Khabarovsk furious.[22] Even after the integration of Unity and Fatherland-All Russia and the foundation of United Russia at the federal level, the *krai* branch of United Russia continued to be unpopular in Khabarovsk Krai.[23]

Nevertheless, facing the 2003 Duma election, Ishaev again put his name on the party list of United Russia. Ishaev ran an electoral campaign for the sake of United Russia. He appealed to the electorate as follows:

> If we support United Russia, we can more actively influence the policies of our country....I consider United Russia as an additional possible way to solve our residents' problems at the federal center. (*Tikhookeanskaia zvezda,* December 5, 2003)

The results of the 2003 Duma election were not positive for United Russia. With regard to the party-list votes, United Russia won 34.3 percent of the party-list votes, lower than the national average (37.6 percent). Moreover, both Boris Reznik and Viacheslav Shport who were supported by the governor were elected from the single-member districts, although they ran as independent candidates.[24] This indicates that United Russia was not increasing in popularity even among the political elite.

After the long struggle by United Russia to organize the ruling elite in Khabarovsk, United Russia succeeded in becoming a significant ruling party in Khabarovsk Krai around 2005. Nowadays, the political council of United Russia's regional branch in Khabarovsk organizes most of the powerful incumbent elite who have been composed of the party of administration thus far. Reznik and Shport who ran as independent candidates at the time of the 2003 Duma election now belong to United Russia. Now, the political council of United Russia organizes three Duma deputies of United Russia from Khabarovsk Krai, five heads of raion administrations, two chairmen of raion legislatures, the Khabarovsk deputy mayor, the chairman of the Khabarovsk City legisla-

21 *Tikhookeanskaia zvezda*, September 24, 1999.

22 *Tikhookeanskaia zvezda*, July 30, 2002.

23 *Tikhookeanskaia zvezda*, April 1, 2003.

24 They later joined the United Russia faction in the State Duma. Boris Reznik ran as an independent candidate because he was supported not only by United Russia, but also by Yabloko and other political organizations (author's interview with Boris Reznik, a Duma deputy from Khabarovsk Krai, Moscow, September 19, 2008).

ture, and the deputy chairman and the chairman of the *krai* legislature.[25] Although it was not easy for United Russia to penetrate Khabarovsk Krai, the key figures from the legislatures and administrations that had formerly constituted the party of administration now belong to United Russia. The problem of the monetization of *l'goty* appeared in the course of this institutionalization process of United Russia.

The Monetization of *L'goty* in Khabarovsk Krai

The Monetization of L'goty: The United Russia's Greatest Mistake during the Putin Era

The *l'goty* system has been an enduring and significant problem in post-Soviet Russia. Reforms were only initiated during Putin's second term, when the presidential and the parliamentary elections were far off. It was time to begin the painful and controversial reform of depriving 27 percent of the population of their in-kind benefits, such as free or discounted use of various public services, including transportation, housing, utilities, medical care, and sanatoria.[26]

In the State Duma, the *Rodina*[27] (thirty-nine deputies) and the Communist Party of the Russian Federation (CPRF) (fifty-one deputies) opposed the legislation. The result of the first reading held on July 2 was 296 yeas and 116 nays; of the second reading on August 3 – 304 yeas and 120 nays; and of the third reading on August 5 – 309 yeas and 118 nays. At the third reading, 295 of 300 United Russia faction members approved the law on monetization, while five deputies were against, including Boris Reznik from Khabarovsk Krai.[28]

As a result of the controversial legislation, United Russia suffered from attacks by leftist forces at the regional parliament elections held that fall. When compared to the previous Duma election, United Russia lost its electoral support from the CPRF and Rodina.[29] Moreover, according to the law on monetization, the recipients were to be divided into two categories: federal-level (disabled people, heroes of Russia and the Soviet Union, victims of radiation, military veterans, participants in World War II, and families of deceased soldiers) and regional-level recipients (labor veterans, veterans of the home front, victims of political repression, children, students, and pensioners). The federal-level recipients would be funded mainly by the federal government, whereas

25 The number of the total members is 41. See official site of United Russia: http://old.edinros.ru/news.html?rid=1784&id=67710 (accessed October 18th, 2009)

26 For details, see Susanne Wengle and Michael Rasell, "The Monetisation of *L'goty*: Changing Patterns of Welfare Politics and Provision in Russia," *Europe-Asia Studies* 60:5 (2008), pp. 739–756.

27 Rodina was established before the 2003 Duma election, representing the leftist and nationalist forces. On October 28, 2006, Rodina merged into A Just Russia *(Spravedlivaia Rossiia)*.

28 *Kommersant*, August 3, 4, 6, 13, 2004; *Tikhookeanskaia zvezda*, February 12, 2005.

29 For example, in Tula Oblast', United Russia received 8 percent less than the share obtained in the Duma election (*Kommersant*, October 12, 2004).

the regional-level recipients – two thirds of all benefit recipients – were to be funded only by regional budgets.

Thus, the law approved by United Russia in the State Duma was inconsistent with the motives of the regions to maintain public service provision as before. United Russia's electoral machines in the regions faced a difficult situation. Further, I will examine how the former party of administration in Khabarovsk Krai dealt with the situation.

The Regions' Unwilling Obedience to the Law on Monetization

Monetization was unpopular in Khabarovsk Krai from the beginning. At first, the political leaders in the Far East openly criticized monetization. For example, the associations of the regional legislatures in the Far East and Zabaikal (*Dal'nii Vostok i Zabaikal'e*) claimed that the bill on monetization would practically change the state organization of the Russian Federation, which abolished the federal structure and the status of social state declared by the Constitution.[30] The action by the interregional association was considered to be anti-government. On August 12, the presidential envoy in the Far Eastern Federal District, Konstantin Pulikovskii, severely criticized the association and the governor.[31]

The *krai* political elite was dissatisfied because monetization without securing sufficient financial resources might threaten the governor's official position as defender of the region. With the gubernatorial election approaching, the party of administration at the regional level attempted to distance itself both from the federal government and from United Russia. Together with his colleagues such as Duma deputy Boris Reznik, Ishaev emphasized his position as defender of the interests of the residents. He said:

> Monetization is a good and right principle. But the budget prepared by the federal government – 2 trillion rubles – is not sufficient. The government has to tell the people that it is impossible to implement monetization.... My position regarding this problem is solid and unambiguous. I stand by the interests of the *krai* residents. I am going to defend them. (*Tikhookeanskaia zvezda*, August 25, 2004)

> The federal center handed over to us the duty, whose sum of monetization would be 2 billion 80 million rubles, without guaranteeing the revenue. Where can we find the money? ... However, we will not worsen the living standard in the *krai*. We, Khabarovsk Krai, will pay for that. (*Tikhookeanskaia zvezda*, November 23, 2004)

The political leaders in Khabarovsk Krai took further steps to assert their objection. The *krai* administration, being inconsistent with the law on monetization, promised that all in-kind benefits would be maintained – free dentures, a 50 percent discount on rent, public utility charges, and telephone charges,

30 *Tikhookeanskaia zvezda*, July 27, 2004.

31 *Tikhookeanskaia zvezda*, January 19, 2005.

and free transportation.[32] In addition, the *krai* parliament approved a bill on a special program of social support for elderly citizens, disabled persons, families with children, the indigent, and others, which would be funded only by the *krai* budget.[33]

However, it was impossible for the *krai* government to realize such plans presented during the electoral campaigns. At last, just before law No. 122 came into effect, the *krai* administration decided to monetize two types of in-kind benefits: transportation fares and telephone charges. The monetization was included in the law on Krai's Targeted Program on the Social Protection of Old-age Citizens, Invalids, Families with Children, and Indigent People, accepted by the *krai* legislature on December 29, 2004.[34] Instead of the right to use these infrastructures for free, a *krai*-level recipient would receive 185 rubles per month. The *krai* budget would also provide 80 rubles of compensation per month for a "federal" recipient.[35] In principle, as for transportation fares, Khabarovsk Krai would pay 600 million rubles for about 311,000 recipients.[36]

The amount of compensation for *krai*-level recipients – 185 rubles – was insufficient, however. The transportation fare in the city cost 6 rubles at that time. If a recipient bought a round-trip ticket, they could only use public transportation 15 days per month. If the person wanted to go to another city, he or she could not afford to go one way with the monetized amount. It meant that it would be impossible to spend time in *dacha* (summer house).[37] With regard to telephone charges, it was planned for the 50 percent discount system to be abolished in January 2005, but this might be followed by monetized compensation from February 2005. Each recipient would receive half of their telephone charges through post offices or bank accounts.[38] In sum, the *krai* government relinquished its propagandistic plans declared during the electoral campaigns. Prior to the crisis, the monetization policies in Khabarovsk Krai followed the law approved by the federal center with the support of the United Russia faction in the State Duma.

The Regions Facing a "Tsunami"

As soon as the law on monetization came into effect on January 1, 2005, the earliest meetings against monetization were held on January 5 and 6. One of the most intense movements appeared in Khimki, located next to Moscow

32 *Tikhookeanskaia zvezda*, October 26, 2004.

33 *Tikhookeanskaia zvezda*, November 27, 2004.

34 *Priamurskie vedomosti*, December 29, 2004.

35 Federal-level recipients receive social packets (medicine, medical treatment, sanatoria, and transportation) whose cost is 450 rubles, in addition to 350 (disabled people of Group 3) to 1550 rubles (people disabled in World War II).

36 *Tikhookeanskaia zvezda*, December 30, 2004.

37 *Amurskaia zaria*, January 19, 2005.

38 *Tikhookeanskaia zvezda*, December 30, 2004.

City, on January 10. Pensioners of Khimki protested against the abolishment of *l'goty* (especially free transportation), requesting that they be maintained as in Moscow City, where *l'goty* is subsidized by the city budget.[39] Hundreds of pensioners went into the streets and blocked the Leningrad Shosse for several hours.[40] Protest movements followed in Samara, Tatarstan, and Belgorod. The wave of protests and pickets – the *Priamurskie vedomosti* newspaper described it as a "*tsunami*" – soon reached the Pacific Ocean. The first and last big picket was held in Khabarovsk City on January 17, organized by the regional and local committees of the CPRF. In Khabarovsk Krai, famous for its stability unlike Primorskii Krai located next to Khabarovsk, the occurrence of the protest movements was quite unusual.

Since monetization was thought to be imposed from above, it seemed natural that the first picket was held at the office of the presidential envoy in the Far Eastern Federal District, where about five hundred pensioners gathered, far more than the expected number. Having failed to enter the office, the picketers blocked the tramways. Gennadii Apanasenko, a first deputy of the presidential representative, told the pensioners that the presidential envoy, Konstantin Pulikovskii, was in Moscow to take part in the government sessions on the monetization of social benefits. The picketers handed him a resolution demanding the return of privileges. Even after the members of the CPRF departed, some one hundred people continued to block traffic. The pensioners invaded a street singing "International."

Nevertheless, the protest movements were also directed at the regional administration, which had just previously opposed the monetization. About a thousand people with posters gathered around Lenin Square located at the center of Khabarovsk City: "Putin and his staff have to resign!" "Do not bury us before the time comes. It was not possible even under fascism!" "Ishaev, you are mistaken, we are not cattle, and you will be judged on your actions." The picketers demanded that the governor appear in front of them. The vice chairman of the *krai* administration on social problems, Sergei Chikhanatskii, appeared instead of Ishaev, only adding to the excitement and anger of the people. Chikhanatskii, however, continued to insist that the pensioners would receive more benefits under monetization and requested the municipal administrations to step in and deal with the pensioners.[41]

Since the picketers consisted of not only pensioners but of ordinary people, too, and the number of people gathered to protest was far more than was

39 In Moscow City, the city administration decided to maintain the following *l'goty* both for federation-level and region-level recipients: free transportation in the city, discounts on public charges, privileged distribution of prescription medicine, and free hearing aids and dentures. The amount for social security was planned to be 156 billion rubles (*Kommersant*, January 11, 2005).

40 *Kommersant*, January 11, 2005.

41 *Priamurskie vedomosti*, January 18, 2005.

expected,[42] the *krai* administration and the city administration were forced to respond to the protest movement. The far-reaching protest movements, though invoked by the political motives of leftist forces, plunged the regional and the municipal administrations into a difficult situation, taking the same side as United Russia at the federal level. For the ruling elites in Khabarovsk Krai, who relied upon their position as protectors of the residents, this posed a significant problem.

The Regions' Decision to Preserve the L'goty System

Prior to the federal center's response to the protest movements, Khabarovsk Krai immediately issued additional measures. The governor issued resolution No. 9 to preserve the *l'goty* system on transportation from February 1 to August 1, followed by amendments to the law on Krai's Targeted Program,which was approved several weeks earlier.[43] The resolution sought to compensate the transportation companies utilizing the *krai* budget and provide subsidies to maintain transportation fees at below actual cost, which was declared in resolution No. 8 issued on the same day. The details of the account of the subsidies and the compensation are illustrated in Table 1. Through these resolutions, which were issued only a few days after the mass protests, it was decided to expend nearly 1.5 percent of the annual *krai* budget. As a result of the quick and decisive response by the *krai* administration, no more mass protests occurred in Khabarovsk Krai.

Table 1. Immediate Measures Taken by the krai Administration

a. Allocation of the *krai* budget for keeping transportation fees below actual cost

Name of transportation company	Amount (1000 rubles)
Airways – total	38,031
Khabarovsk Airlines	19,783
Vostok Airlines	18,248
Waterborne transportation – total	21,969
Amur Steamship Company	18,309
Amur Port	3,660
Motor transportation – total	20,098
KhPOPAT	16,298
KhPATP No. 1	3,800
Total	80,098

42 According to the author's interview with a member of the city committee of the CPRF, the local CPRF committee usually organizes pickets once a month. The picketers are composed mainly of party members, who number around twenty.

43 Postanoblenie Gubernatora Khabarovskogo kraia No. 9 on January 20, 2005, "Ob obespechenii naseleniia Khabarovskogo kraia l'gotnymi passazhirskimi perevozkami v pervom polugodnii 2005 goda," *Sobranie zakonodatel'stva Khabarovskogo kraia* 1 (2005), pp. 307–311.

b. Compensation derived from the *krai* budget for preservation of the *l'goty* system on transportation

Name of transportation company	Compensation amount in 2005 (1000 rubles)
Far East Railway	30,000
Vostok Airlines	430
Amur Steamship Company	17,849
Amur port	2,752
Buses and city electric transportation	457,883
Total	508,914

(Source: *Sobranie zakonodatel'stva Khabarovskogo kraia* 1 (2005), pp. 306–310)

The actions taken by Khabarovsk Krai during this period were of the earliest of their kind among the regions. On the same day, the executives of Tomsk Oblast', Kurgan Oblast', the Tatarstan Republic, Voronezh Oblast', Kursk Oblast', and the Chechen Republic declared the postponement of monetization of transportation, or the introduction of a new system using a common transportation ticket.[44] In addition, as shown by the index of monetization calculated by Aleksandrovna et al.,[45] Khabarovsk Krai belongs to a group of regions having a low level of monetization; this group includes Moscow City and seventeen other regions. This implies that the *krai* administration implemented one of the most drastic countermeasures against monetization compared to other regions. Even after the centralizing reforms – at the time of this crisis, the gubernatorial appointment system had already been introduced – the regions maintained some room to set forth a number of policies that contradicted the principles of the federal center.

In sum, the former party of administration in Khabarovsk Krai preserved its service provision as before in the face of public dissatisfaction, even opposing law No. 122 approved at the federal level with the help of United Russia.[46]

44 These regions were not necessarily rich, as opposed to the conventional view that insists that only donor regions could resist monetization (*Kommersant*, January 20, 2005).

45 A. A. Aleksandrova, E. A. Kovalenko and P. O. Kuznetsova ,"Reformirovanie natural'nykh l'got na regional'nom urovne: vysokaia tsena skromnykh dostizhenii" *SPERO* 3 (2005), pp. 31–50.

46 Subsequently, it was finally decided that in exchange for receiving 50-ruble compensation for one recipient per month, governors should approve the introduction of a common transportation ticket system not only for federal-level recipients, but also for regional-level recipients. In Khabarovsk Krai, the common transportation ticket system was introduced by the governor's resolution No. 122 on May 17, 2005. Recipients who purchase common transportation tickets can use transportation unlimitedly for a month. The price of the common transportation ticket is decided depending on the municipality of residence, in the region of around 300 rubles (*Sobranie zakonodatel'stva Khabarovskogo kraia* 5 (2005), pp. 108–124). This indicates that although monetization was to be canceled, pensioners now have to pay out of their own pockets. In fact, the dissatisfaction of pensioners was "resolved" with the additional burden placed on them. Furthermore, in Khabarovsk City, commercial buses do not accept the common transportation ticket; pensioners with common transpor-

Khabarovsk Krai succeeded in maintaining its position as a public service provider and its powerful political resource.

Conclusion

The case study of Khabarovsk Krai indicates that the regions still matter because of the political resources derived from their role as public service providers, and they have been especially strengthened by their efforts to preserve the public service provision as before. Facing the monetization of *l'goty*, the *krai* administration resisted the federal center's handling of the pensioners, who invaded the cold streets in January. With the cancellation of monetization, Khabarovsk Krai successfully avoided implementing these policies set forth by the federal center and preserving their political resources.

Some people may insist that the observations of Khabarovsk Krai might not suit other regions, because the political elite in Khabarovsk Krai has one of the most stable power bases among the Russian regions. However, since United Russia's electoral campaigns are heavily dependent on the commitment of the regional and local administrations, the regions – whether popular among the electorate or not – cannot avoid a similar dilemma to that of Khabarovsk Krai.[47] In this sense, the case of Khabarovsk Krai demonstrates a common structure that the other regions might encounter.

The regions maintaining their own political resources represent the weakness of United Russia in terms of center-region relations. Since the regional and local administrations have their own power bases, it prevents United Russia from becoming a fully-fledged government party. As long as the regions are in charge of the mobilization of the residents in electoral campaigns, they will strive to preserve this political resource in the face of public dissatisfaction, even opposing the party's decisions.

United Russia, which is dependent on the former parties of administration, cannot secure victory in the elections without mobilizing the political resources of the regions. In other words, the more eager United Russia is to secure victory in the elections, the more crucial the roles of the governors, and the regional and local administrations become. As a result, the potential autonomy of the regions, which derives from their role as public service providers, will increase in the dominant party regime.

tation tickets have to wait for municipal buses, whose number is far smaller than that of commercial buses.

47 We can observe a similar dilemma in neighboring Primorskii Krai, when higher import tariffs on imported used cars were introduced. Since the tariff increase adversely affected the used car industry in Vladivostok, which has been the main port for imports of used Japanese cars to Russia, the policy launched by the federal center was an affliction for the *krai* administration. However, its consequence was radically different from that of monetization. Finally, the federal government dispatched OMON (Special Purpose Police Unit) riot police from Moscow to Vladivostok and coercively controlled the mass movements on December 21, 2008 (*Kommersant*, December 22, 2008).