

Variation in power distribution design
across federal states

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ABSTRACT

This paper concentrates on the phenomenon of horizontal power distribution in federal states in order to assess the variability of power distribution principle among constituent units in different countries. The research question of this study is: why is there a variation in asymmetric power distribution design and the degree of an established asymmetry across federal states? In order to address this question this paper studies several attempts to operationalize and measure different dimensions of federal asymmetrical pattern of power distribution, namely the fiscal, administrative and political dimensions. The case-study of the Russian Federation offers a deeper examination of objectives for implementing certain types of asymmetry. It encompasses the topic of the history of the Russian Federation in establishing the current institutional arrangement and implementation of asymmetry to accommodate salient differences in the polity, which makes the application of the majority rule at the national level unacceptable.

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INTRODUCTION

Currently approximately 22 countries are identified as federal states¹ around the globe. The population of all countries with federal design in 2015 was 2,911 billion people, which made it 39,7% of the mankind. All of these countries have different volume of politics that revolves around the allocation of power among subnational units. This allocation can be either vertical or horizontal. Vertical distribution of power in federations encompasses centralization and decentralization of power among administrations of a federal and a subnational level. The term horizontal power distribution has been applied to situations of allocation of power among subnational constituencies: in this regard federations are divided into symmetric and asymmetric. Only these two dimensions of power distribution create a variety in combinations of federal institutional structure, which makes it slightly more difficult to use the comparative method on federal states.

In symmetric federations all provinces possess equal amount of authority, while asymmetric decentralization is characterized by a division of provinces into different categories with different levels of authority. My review of recent studies on horizontal power distribution reveals that the generally accepted measurement of asymmetry in federal states is lacking. While some scholars pay attention only to the formal criteria which are formulated in the constitution, others concentrate on the factual allocation of power. This is problematic in

¹ The case selection here is based on all states that are defined as “federal” or “confederal” by the CIA World Factbook’s “government type” variable. These are: Argentina, Australia, Austria, Belgium, Bosnia and Herzegovina, Brazil, Canada, Ethiopia, Germany, India, Malaysia, Mexico, Federated States of Micronesia, Nepal, Nigeria, Pakistan, Russia, Sudan, Switzerland, United Arab Emirates, United States of America, Venezuela. (CIA Factbook. <https://www.cia.gov/library/publications/the-world-factbook/>)

terms of comparative political studies, because the absence of a clear concept with indicators makes the comparison confusing.

This thesis started three years ago as an ambitious project of establishing a new measurable index which could serve as a reference point and enable easier comparison among federal states. I believed that it was possible to embrace multiple dimensions of federal decentralization asymmetry and create a composite measurement for assessing the level of asymmetry, which would include both institutional, formal and de jure, and informal, de facto power allocation.

However, the empirical research showed the existing variation in decentralized institutional design and a diversity in the types of asymmetry that is adopted by decision-makers. Such types of asymmetry as policy-making asymmetry, political representation asymmetry and fiscal asymmetry create a nearly unique institutional pattern in each federal state. I reckon that each federation implements certain rules of the game on power distribution principle among federal entities in order to accommodate the existing differences and prevent potential secession movements and territorial disintegration.

In this paper I concentrate on the phenomenon of horizontal power distribution in federal states in order to assess the variability of power distribution principle among constituent units in different countries. The *research question* of my study is: why is there a variation in asymmetric power distribution design and the degree of an established asymmetry across federal states? This indicates a need to understand how different federal states are in their horizontal power distribution principle, how symmetric or asymmetric they are and capture the essence of asymmetry adopted in federal states.

The goal is to identify different attributes and dimensions of the notion of asymmetry of the federal constituencies and study different ways of its operationalization. In order to address

this research question, this article covers a diversity in conceptualization and operationalization of asymmetrical design across federal states, also encompassing the issue of the usage of asymmetry for accommodating differences and potential troublemakers.

I consider this research a significant theoretical contribution that opens the way for further research into the issue of why different countries choose different types of asymmetry and how it helps them accommodate existing differences and prevent potential secession movements. In other words, this study is an important step in studying factors that shape the power distribution principle (symmetric and asymmetric) in a federal state.

In terms of the practical application, the investigation of the different dimensions of asymmetry can form a basis for policy proposals for a more balanced regional policy and institutional design in asymmetric federations. Recent cases of rising secession movements or movements for federalization that in some cases are leading to announcements of referenda on independence of subnational units, like in Scotland or Iraq, represent the urge for better understanding of the variety of methods used across states to accommodate existing differences in a federation. Now regional policy is mostly motivated by historical factors, which might be suboptimal due to occasional secession episodes and disproportionality in economic growth of constituencies. Adding political, linguistic, ethnic and other factors to the model of power allocation principle between subnational units can identify and address weaknesses in institutional design much better. This, in turn, can prevent secession and advance economic development in constituencies, which would lead to the increasing prosperity of the whole state.

The theoretical relevance of this study is the accumulation and analysis of the most cited and used mechanisms for evaluating the degree of decentralization and asymmetry in the level of authority and power between constituent units in federal states. This article distinguishes not

only one dimension of asymmetry but several, which provides research that is using the case-study method with a robust theoretical overview. Furthermore, the study of different dimensions to the evaluation of asymmetry also provides mechanisms for future multidimensional comparisons in big samples.

In the first chapter I will briefly outline the history of researching the topic of federal asymmetry and different methodological approaches to studying federalism, as well as describe a number of approaches to define decentralization as one of the basic concepts for this paper. It describes the change in the perception of federalism and decentralization, and shows the evolution of how researchers tend to differentiate between decentralization and federalism, introducing the concept of federal asymmetry. This is followed by an overview of the theoretical discussions about the reasons for decentralization, several possible benefits for decentralized territorial allocation of power, and why decentralization can be seen as suboptimal.

In the second section of this paper I will present several studies about the approaches to the measurement of federal asymmetry and decentralization, as well as several attempts to operationalize and measure different dimensions of federal asymmetrical pattern of power distribution, namely the fiscal, administrative and political dimensions. This chapter concludes by mapping the existing indexes and measurements.

The third section is fully dedicated to the study of the Russian Federation, offering a deeper examination of objectives for implementing certain types of asymmetry. It encompasses the topic of the history of establishing the current institutional arrangement and implementation of asymmetry to accommodate salient differences in the polity, which makes the application of the majority rule at the national level unacceptable.

1. THEORY

A considerable amount of literature has been published on federalism and decentralization. Over the last forty years both concepts have significantly changed their definitions due to the changes in the use of methodological approaches. Decentralization is one of the key concepts for this study.

Many political scientists mention that this is an ambiguous and controversial phenomenon. Yet decentralization has recently become one of the dominating political processes happening in public administration (Marks, Hooghe, Schakel, 2008). More and more countries are using this mechanism, but decentralization is understood differently in many cases. To avoid conceptual stretching and to make the comparison of states possible, we should define which state we can call decentralized, or which processes can be described by this concept. There is also a need to understand why different states are moving towards decentralization and what can prevent them from reaching this objective.

This work is aimed at understanding different types of horizontal decentralization in federal states, so it encompasses both decentralization and federalism phenomena. In order to grasp the difference between these two notions they have to be first well defined. Moreover, all states can perform a certain amount of decentralization of governance and not all of these states are necessarily federal states.

A more detailed conceptual difference between the notion of federalism and decentralization will be analyzed in this chapter. In this section I would outline several approaches to the definition of decentralization and federalism, then I would review systematically modern definitions that encompass the concept of demos constraining. In the final part of the chapter I

acknowledge the question of why countries may decentralize and discuss potential drawbacks from decentralization. I also pay attention to the essence of the problem that countries are solving with a certain type of decentralization. This usual motivation for decentralization doesn't apply to the cases where the motivation to what seems to be decentralization is not really to decentralize but to accommodate potentially disruptive oppositions in the society.

1.1 THE CONCEPT OF FEDERALISM

Federal states are antonyms to unitary states, where all power is mostly concentrated in hands of federal authorities. The issue of division of power among the center and the periphery also relates to such category of states as confederations, but in a different manner. The principal difference between a federation and a confederation is that a federation is a single national state, where relationship among constituent units and the federal center is regulated by the constitution, while the members of a confederation remain autonomous and independent subjects of international law. This explains the unsustainability of confederative unions, which tend either to collapse or to transform into federative states, as, e.g., the USA or Switzerland.

Most classic studies of decentralization that were reviewed for this thesis (Riker 1964, Tarlton, 1965, Dahl 1986) mostly concentrate on the extent to which the federal government monopolizes power, barely considering the structure of government of subnational level and at the same time the difference in power allocation between constituencies. In other words, they compress the institutional architecture on the national and local level into a simple

centralization/decentralization dichotomy, as noticed by Marks, Hooghe and Schakel, (2008), not grasping the difference among constituencies.

This understanding of federalism is quite common for older studies. Alexis de Tocqueville (Tocqueville, 2014) wrote about federalism in America, which was constituted by the originally independent states. He argues that political centralization is essential for the prosperity of a nation. Moreover, he believed that it is a natural tendency of independent states to lean towards a centralized design. This is the concentration of power in one central location for the protection of the interests which are shared by all sectors of society: adopting common laws and foreign affairs. Administrative centralization is harmful though, because it seeks to weaken the community spirit. As democracy is the tyranny of the majority, it can be constrained only by administrative decentralization.

Federalism is being equated by William Riker (Riker, 1964) to the concept of decentralization, defined as a system of government with vertical allocation of power among different levels of government that has the independent jurisdiction over decision-making process over at least one issue area. He believes that when political actors strive to an extended territorial control, federalism serves as the only solution for satisfying this desire for expansion which does not involve the mandatory usage of military force. However, even in the case of the use of military force and the capture of formerly independent territories the federal design is usually imposed (Riker, 1964: 12). The other reason for federalism offered by Riker is that federalism can be the answer to the external military threat, as cooperation and the establishment of a military union brings actors more positive externalities. He also agrees that in some cases federal states are just successors of collapsing empires that break into distinct polities with common institutions.

Thus, Riker put forward one of the most structured definitions of federalism (1964, 12-13), where we can see that the concept of decentralization remains the principal part of the concept of federalism. He claims that federalism is the system where the ruler of the federation can make decisions only in a restricted category of issues without consultations with the rulers of the units. Thus:

- 1) There is more than one level of power, and all of them rule over the same territory;
- 2) There is at least one issue that is assigned only to a certain level of government (either central or regional); and
- 3) There must be constitutional guarantees that different levels of government wouldn't interfere in one another's issues.

Here Riker distinguishes centralized and peripheralized federations, which are either closer to the minimum or the maximum of the political autonomy. This means that there is at least one issue that is assigned only to a certain level of government, either central or regional.

Minimum: The ruler of the federation can make decisions only in a restricted category of issues (at least one) without consultations with the rulers of the units.

Maximum: The ruler of the federation can make decisions without consultations with the rulers of the units in all areas, but one restricted and narrow one.

By that we have at least two levels of power: the national and the subnational. Sometimes the institutional design also includes the local authority level. Stating that both levels of government must have some jurisdiction where either federal or regional government has absolute power, Riker fails to specify the particular ratio of activities between national and regional authority.

In contrast, Arend Lijphart, for instance, writes that “federalism is a spatial or territorial division of power, where territorial units are geographically defined” (Lijphart, 1999: 187). He does not state that federalism equals bare decentralization, unlike Rodden (Rodden, 2004), who believes that federalism is the process of interaction between constituent units and the federal center in decision-making. Or, in other words, it is the process of the distribution of power among different levels of authority which is constrained and structured by the combination of institutes. The Constitution of the state assigns certain form of the state political system and determines the relationship between subnational units and the federal center (Rodden, 2004).

Arend Lijphart (Lijphart, 1999: 185) also offers several criteria to distinguish federal states. First, to be called federal, states need to have formally federal constitutions. At the same time, both the federal and the unitary categories can be divided into centralized and decentralized subgroups. Moreover, Lijphart introduces a category of semi-federal system for some democracies that cannot be assigned to either of the two basic categories of unitary and federal states (Lijphart, 1999).

Daniel Treisman (2007, 297) generally understands *decentralization as a transfer of significant powers to lower levels of government*. Deconstructed to a simple dichotomy, the relationship between the federal center and the constituent unit can be either centralized or decentralized. Treisman claims that we have a more decentralized system when local authorities are being elected and have the power to make final decisions on important political issues.

All the above authors and Rodden (2004) show that historically decentralization has become a remedy for big states because of the difficulty of management for the central government on some large territory. We can also find this argument in philosophical works of Montesquieu

and Rousseau, who were stressing the potential benefits of decentralization in large territories and vast population. Although many political scientists studied decentralization in federal states without stressing the difference between a decentralized and a federalized state. Elazar (1987), for instance, understands decentralization as the potential participation of regional authorities in a common federal decision-making process. Fillipov (2004) argues that decentralization implies regional communities having the right to create their own governing structures. Brancati, in turn, believes that the country cannot be called decentralized neither when the subnational government just administers decisions that are made at a higher level of government, nor even when the legislative bodies are elected in the constituencies of these countries (Brancati, 2006: 654).

Brancati also notes a more recent and increasing general tendency for replacing the term federalism with the term decentralization. He believes that this is the strategy for better sample-formation. For example, some scholars consider countries that are not constitutionally federal but have subnational governments with relatively independent decision-making process as decentralized. This strategy provides the possibility to include such states as Italy and Spain in their samples (Brancati, 2006: 654).

1.2 FEDERALISM AS AN ACCOMODATION OF SALIENT DIFFERENCES

Another understanding of federalism is based on the understanding that such institutional and territorial arrangement was designed to divide power among constituent units to provide them with some level of self-sustainability and establish a shared sovereignty in a state that stops short of claiming that its citizens form a single integrated political community (Livingston, 1952, Stepan, 1999). Decentralization is framed and studied now as a process that is aimed at

reaching the goal of self-sustainability of subnational entities. In this regard, we can see how both definitions are developing and gain a new conceptualization.

First attempts (Tarlton 1965) to studying causes for decentralization were about embracing the complexity of the phenomenon and considering that different types of decentralization may have different effects, as well as different causes. The next important framework of studies (Rodriguez-Pose, Gill 2003, Duchacek 1977) recognizes that decentralization is not a simple transfer of power and resources from the center to the periphery, of just a reallocation of spheres of federal and regional autonomy. The starting point was to analyze the causes and effects of interconnected fiscal, political, and policy authority (Stepan, 2000, Watts 1996, Burgess, Gress 1999).

Most recent attempts (Stepan, Linz, Yadav 2007, Watts 1996, Elazar 1991, Lane 2011) to understand the vertical organization of power are primarily characterized by using cross-national data. Some earlier studies as well show that the cases vertical decentralization comes as a remnant of the financial and political autonomy (Riker, 1964). Several more recent studies (Oates 1999, Dragu and Rodden 2011) research a relationship between the benefits from coordination, setting tax rates and setting the redistributive transfers in regions with heterogeneous levels of economic development. The next group (Duchacek 1977, Glass 1977, Bakke and Wibbels, 2006) evaluated the meaning of linguistic and ethnic heterogeneity that sets demands for decentralization, which leads to the change in educational policy and introducing local elections.

Other works (Starodubtsev 2010) estimate the influence of the decentralization on accountability, corruption and quality of governance. Yet others are studying the effects of deficits, inflation and macroeconomic stability in the context of different levels of

government (Rodden, 2004). Thus, the topic still attracts a wide-ranging theoretical discussion.

In order to define decentralization some authors use typologies, listing the inherent characteristics to different types of decentralized institutional state design. Prud'homme (1995) provides us with a simplified and quite an abstract typology of decentralization. He believes that there are three forms of decentralization:

1) *deconcentration*, which is the redistribution of the power among different levels of central administration

2) *delegation* (transmission of the power to half-autonomous government)

3) *devolution* (the form of decentralization which involves the transfer of powers and resources of independent and often directly elected subnational governments)

In contrast to this typology, Treisman (Treisman 2007, 297) presumes that decentralization is a sequence of certain steps, so he suggests a typology of decentralization where he emphasizes: administrative, political and fiscal decentralization.

Administrative decentralization means jurisdiction over at least one policy domain by the actors at the subnational level, who are appointed by the central government and are accountable to it. We know that in practice almost all modern states with a big territory and vast population can be characterized by this type of decentralization.

The more complex level is *political decentralization*, where Treisman names four subtypes.

- a) Policy: The decentralization of decision-making, when subnational government can have the last word in at least one policy field.
- b) Political: The decentralization of appointment process, when subnational elites are

being elected by the residents.

- c) The combination of political and policy dimensions constitutes a federative state.

Treisman (2007) follows Riker (1964) in his definition of the federalism. However, he adds elections of the authorities because more and more scientists are insisting on the necessity to take the political autonomy of the subnational government into consideration. This autonomy appears due to the changing recipient of the accountability of ruling elites.

- d) Constitutional decentralization, which is pointing that subnational governments have the right to participate in the federal decision-making process.

Treisman's last type is *fiscal decentralization*, which implies transferring the issues of taxation and expenses to a subnational level, which leads to a concentration of a significant share of the federal incomes and expenses at the subnational level.

In the studies on decentralization there are cases when the term has been subject to considerable discussion because different authors equate it conceptually to different terms. Frequently these discrepancies occur with the notion of political decentralization, defined as the system of government with vertical allocation of power among different levels of government that has the independent jurisdiction over decision-making process over at least one issue area (Riker, 1964; Rodden, 2004; Brancati, 2006). Rodden describes policy decentralization in the same terms (Rodden, 2004), Treisman equates it to his notion of decision-making decentralization (Treisman 2002).

This article considers and describes decentralization as a process, taking Treisman's definition and typology of decentralization as the basis. This typology can help to rank the governmental systems, where each subsequent type of decentralization can be seen as the decentralization of a higher level. It is quite obvious that the first type as a vital minimal level of distribution of

power includes administrative decentralization. The second step is giving the subnational government not only the ability to provide the center's will, but to implement the principle decisions on the policy that is held on the subnational level. The center in this case has interest to keep control over the subnational elites and the ruler, having an opportunity to force him to resign. The third step is giving the subnational level the political autonomy, which can be explained by the will of the central government to delegate not only the power to subnational level, but also the responsibility for the decision-making. This leads to strengthening of legitimacy of the central government as an actor. The next step comes when the elected ruler of the region is demanding to let him participate in the national decision-making process. The final step is gaining financial autonomy.

We can see that the final step in the decentralization process is not secession and the collapse of the state, but the formation of a modern federal state. But it is a mistake to claim that every single state that follows the steps of decentralization will sooner or later become a federation as the process of reallocation of power is not equal to federalism.

It is important to understand that the beginning of each new step of decentralization is usually a substantial and complex governmental reform, which is being undertaken in case of the existence of a severe problem in governance that is revealed by a rise of independence or even secession movements. Each step towards decentralization can take many years of reformation for policy-makers, which is usually associated with political negotiations among many actors, which in turn leads to the slowdown of the process. Moreover, these steps do not necessarily follow one another.

Not only has the conceptual understanding of decentralization changed, but it also affected the tradition of studying federalism. Now federalism is more understood as a device for democratic maintenance and political stability and recognition of veto rights in a polity which

is somehow not ready to take a simple-majority rule because of some deep divisions in that society (Livingston 1952, Stepan 1999). Federalism is seen as a shared sovereignty. Political scientists tend to study it not as a single integrated policy but a number of different policies. This makes federalism not a simple synonym for decentralization, but a notion that means a type of territorial arrangements and administration that accommodates deep division that is present in a society, which prevents it from secession.

Stepan (1999, 23) derives his categorization of federalism from the factors of a federal state that were described by W. Riker. He believes that one of the goals of the federal state can be seen in constraining the tyranny of the majority by introducing specific mechanisms: a legislative body design and policy issues devolution. To assess this, he introduces the concept of “demos -constraining/enabling” structures, that either prevent the majoritarian principle of decision-making process and reduce the influence of the majority on politics, or prevent small special interest groups from overrepresentation.

This approach reminds us of Dworkin’s (2011) understanding of a legitimate state. For the author, the criteria of legitimacy are met if “each accepts as a standing obligation not only to obey the community’s law but to try to make that law consistent with his good-faith understanding of what every citizen’s dignity requires” (2011, 384). He admits this equal concern and respect for each citizen is the matter of degree. This leads to, in the author’s opinion, the fact that majoritarian conception of democracy actually describes a system that does not provide the members of the political minority with an instrument for self-governance. Instead, he offers the conception of partnership, according to which the idea of self-governance means government by people as a whole, acting as partners. This can be interpreted as a state with overrepresentation of different minorities.

Dworkin is also trying to challenge the majoritarian conception, claiming that it cannot lead to fairness because the author believes that biases and personal dislikes of the majority will affect their decisions and harm the minority. Instead, Dworkin offers the model of *political equality*, according to which “all adult citizens have equal *impact* in that process: that the opinion each finally forms in the process will be given full and equal weight in the community’s final decision” (Dworkin, 2011: 388). In order to do this, he suggests the establishment of the *elected parliament* (or, in the case of Stepan - the federal center) to increase the legitimacy of the government. Moreover, he shows that under the partnership conception all citizens have diminished political impact, because it becomes assigned to the elected officials. Dworkin claims that this increases the ability of the government to protect individual rights better (Dworkin, 2011: 388).

This can be compared to the understanding of the necessity of demos-constraining mechanisms in the federal state, where minorities would have higher protection of their rights and interests comparing to the majoritarian principle. The idea of Dworkin, though, fails to provide the possible forms and examples of existence of the conception of partnership in the institutional design of the state. In my opinion, this idea is developed by Stepan through the perspective of the federal institutional design.

Golosov (2001, 260) describes exclusive characteristics of federations that distinguish them from unitary states. First of all, most federal states have two chambers in legislative body. Secondly, and more importantly, almost no federation except Austria can amend (revise) their constitution without agreement of at least a simple majority of their constituent units, which is expressed either in form of referendum or parliamentary statement. Third, most importantly, another factor is a significantly high level of decentralization of public administration.

Federalism can be either political reality or only constitutional symbolism. Arend Lijphart points out the importance of distinguishing between congruent and incongruent federal states². Congruent federations are constituted by subnational units that have similar social and cultural characteristics in a federation as a whole. Golosov believes that only incongruent federations can contribute to the development and accommodation of minorities (2011: 260).

1.3 MODERN UNDERSTANDING OF FEDERALISM LEADS TO STUDY OF ASYMMETRY

This understanding of demos-constraining institutional design in federal states highlights the need to study ways of political accommodation of minorities as the reason and the expected benefit of decentralization. This leads to the importance of study of asymmetry as a very typical feature of federalism. Asymmetry comes as a natural way of reflecting the existing social and political realities in a federal state. Therefore, it is important to understand why would any federal administration give a significant amount of power and resources to small communities.

Rodden (Rodden 2004) further argues that overly centralized large countries that have heterogeneous population will face irresistible pressure toward decentralization. The demands for decentralization is a form of political accommodation of the existing differences. These demands are transformed into policy, because otherwise such countries can fall apart because of secession. Some scholars (Watts, 2005) claim that in federal states asymmetry is designed to give an adequate assessment of the existing differences and respond in assigning different

² Arend Lijphart refers to the work of Charles D. Tarlton. "Symmetry and Asymmetry as Elements of Federalism: A Theoretical Speculation". University of California, Berkeley. 1965.

status to subjects. “Asymmetry” can be detected in states where the differentiation in the degrees of autonomy and power occurs among the constituent units.

Tarlton believes that the “notion of symmetry refers to the extent to which component states share in the conditions and thereby the concerns more or less common to the federal system as a whole” (Tarlton 1965, 861). In other words, some authors believe that symmetry relates to the similarities in social and cultural characteristics, which was later defined as “congruence” by Lijphart (1999: 195). Symmetrical or asymmetrical pattern in the federal state is understood as the participation of one particular state in the combination of such characteristics of the federal system of which it is part, as equal territory and population, similar economic features, climatic conditions, cultural patterns, social grouping and political institutions (Tarlton, 1965: 861-868).

This work sees symmetry, as Tarlton suggested, as the level of conformity of institutions of different authority levels and uniformity in the relations of each constituent unit of the federal state to the overall system and to other component units of the state (Tarlton, 1965: 867). In this work, however, the meaning of the notion “asymmetry” does not include sociocultural differences between subnational units, but concentrates on political institutions and offers a purely institutional insight to the objective differences between constituencies in their level of authority and power.

On the one hand, Horowitz (1985) and Busygina with Smirnyagin (2010) claim that artificial equalization of the subjects of the federation brings serious damage to the society by contributing to territorial disintegration. On the other hand, Dragu and Rodden (2011) believe that in large and nascent polities substantial deviations from the principle “one person, one vote” in the design of federative institutions can be perceived as a necessary condition for keeping peace and stability (Dragu, Rodden, 2011). In other words, the establishment of

unequal rules of the game does not solve the issue of governing multiculturalism on the national level, but temporarily freezes the development of an issue in certain regions. Unfortunately, such a state can operate only if sufficient amount of resources for bargaining exists. In spite of all possible drawbacks, both types of federal states exist.

Development of this new tradition of studying federal asymmetry forced the need to investigate this phenomenon on a larger sample of federal states. This, in turn, required a new conceptualization and operationalization of the power distribution principle, since different states have different features of asymmetry in their federal design. The proposed measures for evaluating the level of asymmetry is discussed later in the next chapter, which is fully dedicated to this issue.

1.4 WHY DO COUNTRIES DECENTRALIZE?

Rodden (2004) and Treisman (2007) name several reasons for decentralization. There are two big groups of reasons that lead states towards this scenario. One is the intention to improve the *efficiency of governance*, while the other is connected with *reaching the political stability*.

The efficiency of governance argument usually contains the idea of the physical closeness to the electorate, which is claimed to lead to an improved competence of the authorities. It is clear that local authorities may know more about the preferences in a small region than the federal elites. When the amount of decentralization of political power becomes significant, it is necessary for citizens of subnational entity to strengthen the control over the regional ruler and to share the responsibility for decision-making process. Therefore, the idea of electorate is crucial in modern decentralization studies, because one step of decentralization is devolution, which involves the election of local authorities. This should lead to an increased accountability of local governments.

Another important reason is that decentralization generates competition between subnational governments in reaching the goal of better meeting citizens' needs. The idea of this competition is associated with the Tiebout's (1956) famous concept of voting with your feet, which says that people can physically move to any subnational constituency where public policy is closer to their personal ideological beliefs and preferences instead of voting to change the government in their constituent unit. Regional authorities are interested in attracting new people to the region, so they are trying to provide better policy and implement it fully, executing their own obligations.

There are theoretical arguments that efficiency of governance benefits strongly from decentralization. Some empirical studies (Garzarelli, 2005) stress that improvements in

accountability, responsiveness and incentives of the elites are caused by the increased autonomy from central control. It is also usually connected with granting local and subnational governments a wider discretion. At the same moment, the federal center's access to information and its ability to overturn the local decisions is limited.

There may also be some influence (Iqbal, Ud Din and Ghani, 2012) of regional policy on macroeconomic figures like deficit, inflation and sustainable economic growth. Acting like veto-players regions prevent the federal center from implementing risky policy, which in general leads federations to adopt better elaborated economic and financial policies than unitary states do (Tsebelis 2002).

Next reason for decentralization is the desire for political stability. Lijphart (1977; 1999) and Horowitz (1991) assume that decentralization can lead to political stabilization because it allows the oppositional groups to participate in negotiations and bargaining. Lijphart (1999) also believes that in federal states political boundaries coincide with social and cultural boundaries, which makes the initially heterogeneous society a combination of constituencies with a high level of homogeneity (Lijphart, 1999: 196). Regions with highly clustered ethnic groups receive the opportunity to pass the legislation that favors their special interests. In this sense political decentralization reduces incentives for subnational units from establishing independent political communities by preventing them from fighting over unfair treatment in legislative field. The latter often happens in states where there is a severe conflict between different territorial or ethnic groups, or what Lijphart called "plural society".

Furthermore, federal design gives space for institutional design experimentation, as all constituencies are allowed to have their own constitutions which can be amended within the limits set by the federal constitutional law. Therefore, subnational units can experiment with different forms of government, electoral system and other institutional aspects.

1.5 WHAT ARE THE CASES WHEN DECENTRALIZATION CAN DO MORE HARM?

There's no one universal way how federal institutions emerge. In the same way, decentralization is not always a panacea. As it was discussed in the previous section, successful decentralization can lead to increased efficiency and accountability of the public sector by coordinating potentially explosive political conflicts. But decentralization may also threaten economic and political stability, and undermines the implementation of state functions (Lane, 2011).

Political scientist Starodubtsev (2010) claims that in the states that are highly corrupted the introduction of a multilevel system only strengthens this unfavorable condition. A state that experiences many ethnical clashes can simply collapse by the implementation of decentralization, as the latter increases the number of political actors that participate in shaping the federal agenda and thus increase the likelihood of deadlock. In addition, competition between regions leads to the rise of disparity among powerful and wealthy regions, which can feed particularly severe political conflicts in ethnically divided states (Bakke and Wibbels, 2006). Moreover, the budgetary transfer equalization system for decentralized subnational units just becomes the basis for increasing expenses of the federation (Starodubtsev 2010).

Another consequence of decentralization might be political instability and the threat of secession. Grigory Golosov states that introduction of elements of incongruence to federal states can be fraught with serious consequences and endangers the very existence of this state (Golosov, 2001: 261). Another scholar, Dawn Brancanti, explains the emergence of this threat: decentralization can reinforce regionally-based ethnic identities, at the same time supplying regional groups with power, such as decision-making competences, political

legitimacy and budget. The author argues that in case of a legal possibility of establishment of regional political parties, the situation with powerful regional groups will increase the intensity of ethnic conflict, since regional groups obtain higher bargaining power for independence. In other words, in some cases decentralization increases ethnic conflicts and secessionism by encouraging regional parties to influence federal agenda and participate in the electoral field. They produce certain legislation in favor of their ethnic groups over others and mobilize groups to engage in ethnic conflicts and secessionism (Brancanti, 2006).

The World Bank (2009) refuses to give the only one right scenario for decentralization, and insists that institutional and other conditions of the state are very important. They formulate the conditions for the efficient operation of a decentralized system, which can be called *Balance-Control-Partnership*.

Balance stands for the balance of interests between the federal center and the region. The arena that provides for coordinating political decisions is the parliament. Control goes for the administrative control of the federal center over the whole country. It means that law enforcement agencies and prosecutors are provided and realized by the center. The demand of partnership is the cooperation between the national and subnational levels of power in political decision-making, as well as the interaction of regions.

1.6 DISCUSSION ON RELATIONSHIP BETWEEN FEDERALISM, DECENTRALIZATION AND DEMOCRACY

Some scholars (Brancati, 2006) believe that decentralization and federalism are associated only with democracy. Brancati, for instance, believes that although constitutionally institutional decentralization may be provided to subnational units, non-democratic regimes tend to infringe on the jurisdiction of these legislatures, as well as block the legislation that is produced by subnational units or install politicians in regional legislative bodies that do not oppose and challenge the authority of the federal government and its decisions. Therefore, an authoritarian tendency at the federal level according to Brancati, inevitably affects both politics and policy at the subnational level.

Even though the federal state can be considered a democracy there is still room for fairly authoritarian regimes within subnational units. Another possibility is the implementation on the subnational level of legislation that can be considered undemocratic, which does not necessarily lead to the challenge of the democratic status of the country in general. This possibility for variability in political regimes within one federal unit also points to the necessity for embracing the variety in federal asymmetry and the objective behind adopting such asymmetric institutional design.

1.7 CONCLUSION OF THE CHAPTER

Federalism in this study is considered to be an institutional and territorial arrangement of a state based on a recognition of difference of subnational entities and aimed at reaching the

goal of self-sustainability of subnational entities. In this article federalism is not equalized to decentralization, since there is an empirical confirmation of non-equivalence of these two notions.

Decentralization is aimed at political accommodation of the existing differences, as well as improving an administrative efficiency by principle of subsidiarity, having better economies of scale and embracing better feedback loops. There is also a recognition of the necessity of demos-constraining mechanisms in the federal states since in many cases there can be no strong legitimate outcomes on majority-voted issues due to existence of subnational units that do not comply with the majority. This article combines Dworkin's idea of demos-constraining mechanisms aimed at higher protection of minorities' rights with Stepan's view on the federal institutional design as a way to provide the political accommodation for states that have different motivation for decentralization. In other words, allocation of power among constituent units has to be context specific because of the history of the country and specific issue decentralization has to address.

2. PREVIOUS ATTEMPTS TO GRASP THE VARIETY OF ASYMMETRY

Decentralization in this article means the process of delegation of certain types of responsibilities and power from federal center to subnational entities, while *asymmetry* can be detected in federal states where the differentiation in the degrees of autonomy and power occurs among the constituent units. Therefore, all methods of conceptualization and operationalization of federal decentralization presented below in this chapter are applicable for evaluating and measuring federal asymmetry as well, since both concepts represent a policy of power distribution principle among different constituent units undertaken by federal center. However, in case of assessing federal asymmetry we should pay attention not only to the degree of decentralization, but primarily to the difference between the degree of decentralization among constituent units of the federal state.

2.1 TYPES OF FEDERAL ASYMMETRY: POLITICAL, FISCAL, POLICY

Rodden (Rodden, 2004) suggests a method for measuring decentralization which is aimed at grasping the complexity of the phenomenon. In his study he offers a division of decentralization into three subdimensions: *fiscal, political and policy*. Other scholars (Dragu, Rodden 2011; Oates 1999) also tend to evaluate federal asymmetry from these perspectives, rarely including all three dimensions simultaneously in their research.

2.1.1 *POLICY MAKING ASYMMETRY*

Principles of federalism can be based on what Lane and Ersson call “dual legislation design”, where policy making powers are divided between the federal government and subnational government, which can also take the form of the distinction between legislation and implementation, where the former is reserved solely for the federal government and the latter can be performed by the states or only a number of them (Lane and Ersson, 1994: 171).

One dimension is so-called constitutional asymmetry that measures the degree to which the power distribution among constituent units assigned by the federal constitution is not uniform. The example can be different executive or legislative competences of different constituent entities. The criteria for detecting asymmetry is if a certain subnational unit or a number of them, which should be less than the entire population of these units in a country, has exclusive right to set certain policy in its own territory.

Rodden (2004) believes that central governments do rarely give full autonomy to subnational governments, in most cases though the decentralization means a move from the dominance of central government towards the involvement of the regions. It often follows the principle of subsidiarity.

Alfred Stepan (Stepan, 1999: 29) also pays attention to the allocation of the policy-making competences among different levels of authority. It is the indicator of power that is given to the majority, or demos, as Stepan frames it, on the level of the federal center and that is allocated among the constituent units.

2.1.2 *POLITICAL REPRESENTATION ASYMMETRY*

Political Decentralization concentrates on asserting the relative independence or interdependence of national and regional elections. We can evaluate political decentralization by measuring the ratio of the sample in which subnational and national governments were elected by the citizens. Recently this measure has been showing a dramatic trend towards decentralization. Rodden (2004) argues for the use of this measure by speculating that elected officials holding subnational office have more political autonomy than the officials that were appointed by the federal elites, and therefore the presence of subnational elections is a sign of greater decentralization.

2.1.3 *FISCAL AUTONOMY ASYMMETRY*

It is important to pay attention not only to *de jure*, but also *de facto asymmetry* or symmetry. As it is shown in the third chapter, in a huge multicultural state with many nations different rules of the game may be set informally for regions with higher concentration of certain ethnicity, which made the federation asymmetric. National republics or constituent units with high concentration of certain ethnicity are using the issue of ethnicity as a political bargain for extra power and independence, as well as higher representation on the federal level.

At the same time, the federal budget policy is claimed to be equalizing with the help of inter budgetary transfers. Moreover, in practice a hidden type of asymmetry exists, which takes the form of tax reductions and other fiscal preferences.

Regarding *fiscal decentralization*, empirical studies mostly focus on the balance of expenditures and revenues between levels of governments. It can also be measured by calculating own-source revenue as a share of total government revenue.

Studies that research such type of decentralization pay attention to the question of the origin of the funding. It is important to consider if fiscal decentralization is funded by intergovernmental grants according to the fixed formula, or it is a sort of mobilization of own-source revenue through independent taxes, user fees and borrowing. Empirical studies are usually based on the IMF's Government Finance Statistics Yearbook for calculating the local and regional share of the federal spending.

There are also several ways central governments restrict the financial autonomy of the subnational government. That can be, for instance, ~~the~~ formal limitations on the substantial borrowing for the state. Availability of credit markets, in this case, plays an important role as a component of regional fiscal autonomy.

2.2 OPERATIONALIZATION OF ASYMMETRY: DESCRIPTION OF DIFFERENT APPROACHES TO MEASURE TYPES ASYMMETRY

2.2.1 *POLICY*

Watts (1996) suggests measuring policy making asymmetry by evaluating whether a subnational unit has an exclusive right to adopt policy in such areas as:

- native laws,
- communication,
- taxation,
- shipping and fishing,

- ethnic and linguistic policy.

The source of the data is the current country's constitution. This dimension suggests the detailed analysis of the evaluation of each constitution to detect certain criteria for all countries in a sample.

Stepan believes that since some policy areas are permanently constitutionally assigned to be decided on the subnational level, so, according to the author, there is no such thing as the federal agenda, and therefore it can be considered as a measure that is demos-constraining design or decentralized power allocation (Stepan, 1999: 23). He introduces an indicator of a high level of demos-constraining design or design that favors small groups and therefore gives more policy power to constituencies (Stepan, 1999: 29). In general, this rule can be formulated in a way that if many issues are constitutionally embedded, they cannot be decided by the normal majority, which leads to the establishment of the demos-constraining design. These are constitutionally embedded policies on such issues as:

- export taxation
- provision of state
- municipal pensions
- state banks

Jonathan Rodden (Rodden, 2004) suggests two indicators for evaluating policy-making decentralization:

1) Does the central government have the legal right to ignore decisions of the lower level?

2) Which level of government is responsible for decision- making in each of three areas:

- secondary education

- the construction of regional trails
- monitoring the implementation of the powers of local government

Rodden’s suggestion is to give countries “two points if they lack central overrides, two points for each policy area controlled exclusively by regional or local governments, and one point for policy areas in which they are jointly active with the center” (Rodden, 2004).

2.2.2 *POLITICAL*

There is a need to clarify the terms that are used in this article that refer to the legislative branch of the state government. The word “parliament” in this article is generically used as a synonym to a legislative body (Lijphart, 1999). Moreover, legislative chambers have a variety of names in different federal states (Bundestag and Bundesrat in Germany, Senate and House of Representatives in the USA, State Duma and Federation Council in Russia, e.g.), in this work I use “first chamber” for the lower house and “second chamber” for the upper house, as it is used in Lijphart’s research (Lijphart, 1999).

TABLE 1: NAMES OF LEGISLATIVE CHAMBERS

	USA	Germany	Russia
Second chamber / Upper house	Senate	Bundesrat	Federation Council
First chamber / Lower house	House of Representatives	Bundestag	State Duma

According to Lijphart, an upper house is aimed at representation of distinct constituent units and their interests on the federal level. The author also believes that “first chamber is always the more important one”. In addition, Lijphart claims that the upper house is elected on the

basis of the “limited franchise”, and the main function of the second chamber is to bring conservative brake to the lower house that is more democratically elected (Lijphart, 1999: 203).

There are differences that affect the way the two legislative bodies function. The main differences between these chambers are the following:

- 1) Size. Upper houses in the majority of cases tend to be smaller than lower ones.
- 2) Terms. The legislative terms of office of the second chambers tend to be longer than in lower houses.
- 3) Staggered election. Some upper houses have some part that is elected separately from the rest of the legislature.

There is a possibility that it creates difficulty with the terminology of two chambers when it comes to some empirical cases. For example, the Norwegian parliament or Storting is elected as a single legislative body, where members of the parliament choose one-fourth of their members to form the upper chamber and by doing this they divide themselves into two legislative chambers. At the same time, the two houses resolve disagreements by plenary sessions where all members of legislature are present, as well as they have joint legislative committees, where their functions are similar, so some may claim that for some period of time representatives can become indistinguishable.

However, the mechanism of resolution of lack of consensus between chambers via joint plenary sessions does not necessarily mean, according to Lijphart, that it should be regarded as features of unicameralism. Even though these kinds of features bring legislatures closer to unicameralism, the classification offered by Lijphart allows conceptualization of these kinds of organizational arrangements as special one-and-a-half chambers category. In a sample of

thirty six democratic countries that is used by Lijphart in 1999 all federal states had bicameral legislative, which gives him strong ground to assume a strong relationship between federalism and bicameralism.

It is important to pay attention to the distribution or concentration of power in the legislative body in federal states or states with high level of decentralization. According to Lijphart (1999: 200), distribution of power in legislature in majoritarian model of democracy is characterized by concentration of power in a single chamber, whereas consensus model of democracy is usually associated with a bicameral legislative body with either equal or unequal power distribution among the two chambers. The situation with concentration of power in one legislative house is described by the author as asymmetrical bicameralism (ibidem).

TABLE 2: THE DISTRIBUTION OR OF POWER IN THE LEGISLATIVE BODY

	Consensus model of democracy	Majoritarian model of democracy (asymmetrical bicameralism)
Power distribution	<div>Equal among two chambers</div> <hr/> <div>Unequal among two chambers</div>	Concentration in single chamber

Quantitative index of bicameralism by Lijphart is based on two basic dimensions. One is the dichotomous classification of parliaments as bicameral or unicameral. The other is existing differences in power allocation principle between two chambers and overall composition of bicameral legislatures (Lijphart, 1999: 201).

The key indicator for the power allocation model is the formal constitutional power of both houses of the parliament that are documented. According to Lijphart, important features of formal constitutional powers are veto and veto override potential. Usually the upper chamber tends to be subordinate to the lower one as the negative vote of the second chamber can be relatively easily overridden by the lower house: in some cases it is enough to have simple majority to override the veto of the upper house, while in some systems the minimum override coalition is two-thirds of the members of the lower house (Lijphart, 1999: 205). As it was noted before, in some cases (e.g., Norway and Russia) disagreements between the two houses can be discussed in a joint plenary session. Here the issue of the relative size of both chamber arises, as politicians from different houses have unequal impact on the final decision. According to Lijphart, empirically there is an evidence to such phenomenon that shows that if the lower chamber is usually bigger than the second chamber, its political power is on average sufficiently larger.

Moreover, the question of government accountability also arises. Lijphart points out that in most parliamentary systems the cabinet is responsible only to the first chamber, which creates clear disproportionality in jurisdiction (ibid). Partially the reason for such formal disproportional allocation jurisdiction between the chambers is the method of selection of both chambers. The fact that all first chambers are directly elected by the population of the country makes them accountable to the voters. At the same time, most second chambers are elected indirectly: members of the upper house can be elected on the lever of legislative bodies of subnational constituencies as it happens in India or Netherlands. In most cases, however, members of the second chamber are appointed by regional parliaments or governors, like in Canada, Russia, and the part of the British House of Lords before 2014. The absence of direct voting for legislators in the upper chamber affects the democratic legitimacy of the house, which leads to the lack of real political influence and high override

potential of the lower chamber. This lack of legitimacy can be compensated by direct election of representatives in the upper house.

TABLE 3: LIJPHART'S INDEX OF BICAMERALISM³

Dimension	Description	Indicator	Operationalization	Evaluation
Number of chambers			Bicameral parliament	1
			Unicameral parliament	0
Power allocation principle	Veto and veto override potential	Size of the override coalition	Simple majority of the lower chamber	High
			Two-thirds of the lower chamber	Low
	Unequal impact on decision-making process in plenary sessions	Size of lower chamber -> Power	Higher N of deputies -> Larger political power of lower chamber	High
			Lower N -> Equivalent power of lower chamber	Low
Government accountability	Level of disproportionality in jurisdiction	Accountability of the cabinet to the lower chamber only	Direct election of the lower chamber by the population	High
			Direct election of both chambers by the popular vote	Low

Lijphart suggests his classification for bicameral legislatures with their division to symmetric and asymmetric on the basis of these two criteria: the model of power allocation that is

³ Lijphart, Arend. *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries* (New Haven: Yale University Press, 1999), 201.

supported by the constitution and democratic legitimacy (Lijphart, 1999: 206). He provides examples of countries only for two “pure” symmetrical and asymmetrical models of legislatures, which satisfy both criteria. The operationalization is the following: constitutionally assigned competences can either be equally distributed between the two chambers, or moderately or highly unequal. At the same time upper houses of the legislature can either be democratically elected by the popular vote, or appointed by legislatures or executive bodies of the regional level.

On the basis of these two examples I suggest that in reconstructed Lijphart’s hierarchy for factors the criteria of constitutionally assigned power allocation model has higher impact than the factor of democratic legitimacy. In this regard, the power of vetoing bills that are adopted by the lower chamber is considered to be the strong feature of the upper chamber that leads to their equalization in their constitutional powers. Moreover, different shadows of democratic legitimacy appeared in the authors classification. The position of the representative of the upper chamber that is held by him on the level of constituent unit contributes to his democratic legitimacy. In other words, the upper chamber composed of executives of the regional governments or other high-rank regional authorities has more democratic legitimacy than the one that is elected by popular vote (Lijphart, 1999: 206).

TABLE 4: LIJPHART’S CLASSIFICATION OF BICAMERAL LEGISLATURES

	Constitutional powers	Democratic legitimacy of the upper house	Examples
Asymmetrical chambers	Highly unequal (1)	Appointment by regional authorities (2)	1 and 2: India, Venezuela, Canada
Symmetrical chambers	Equal or only moderately unequal (3)	Popular vote (4)	3 and 4: Colombia, Italy, the United States of America, Switzerland,

	OR absolute veto power of the upper chamber	OR upper chamber is constituted by regional officials	Belgium, Australia, Japan Only 3: Germany, Netherlands
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The third difference between the two chambers, according to Lijphart, is the method of election of the upper house. It is different from the previous issue because this reflects the issue of the representation of certain minorities, such as cultural and ethnic minority groups, that live in constituent units. Sometimes the electoral system creates conditions for overrepresentation of minorities, which makes two chambers differ in their composition. Lijphart uses the notion “incongruent” for such institutional design of legislature that is aimed at overrepresentation of minorities, which usually takes form of equal representation of all constituent units regardless of their population.

TABLE 5: LIJPHART’S NOTION OF INCONGRUENT LEGISLATURES⁴

	Features	Examples
Incongruent	Equal representation of all subnational units: overrepresentation of small constituencies	Venezuela, the United States of America, Switzerland (except 6/26 cantons, so-called “half-cantons” that have only one representative instead of two as others)
	Not equal, but still disproportionately represented units	Germany, Canada
Congruent	Proportional representation	Australia, Belgium

In order to measure this incongruence of the legislative chambers, Lijphart presents the Gini-index of inequality. In his work it is calculated for nine countries from his sample. It varies between 0 and 1, where the higher values of the Index indicate the higher level of

⁴ Lijphart, Arend. *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries* (New Haven: Yale University Press, 1999), 207.

disproportionality, or higher overrepresentation of small constituent units. Lijphart (1999: 208) makes clear that disproportionality in the formation of the upper chamber in the United States is the highest, whereas Belgium is characterized by a high degree of proportionality in representation of subnational units. The author points out that Belgium gives only a slight legislative overrepresentation to the French-speaking and German-speaking linguistic minorities. In other words, the upper legislative chamber of the United States of America, the Senate, is incongruent, while the design of the Belgian Senate makes it congruent.

His study also shows the exact percentage of the seats in the upper house of the legislative body that are taken by the most favorably represented 10, 20, 30, and 50 percent of the population (Lijphart, 1999: 208). In other words, it illustrates what percentage of membership smallest subnational units have, becoming the most represented population. For example, the statistics for the case of the United States shows that almost 40% of the seats in the upper chamber of the legislature are taken by 10% of the population because of the model of election of members of the upper house, the Senate.

On the basis of concepts described above, Arend Lijphart conceptualizes quantitative index of bicameralism. This index is based on quantitative assessment of power concentration in legislative bodies. Generally the author believes that bicameralism possesses more power than unicameral legislatures since “all second chambers exercise influence even if they are considered weak or insignificant” (Lijphart, 1999: 211)⁵. In accordance with the index by Lijphart, strong bicameralism is characterized by symmetrical and incongruent design of legislative chambers. This means that ideally the upper chamber of the parliament should have equally powerful competences to the lower chamber, that are assigned by the

⁵ Arend Lijphart quotes the article by Tsebelis George and Money Jeannette (1997). *Bicameralism*. Cambridge, UK: Cambridge University Press, 1997

constitution, be elected by the popular vote or formed by powerful regional representatives, as well as be designed to provide overrepresentation to different minorities or give voice to small constituencies.

TABLE 6: LIJPHART'S INDEX OF BICAMERALISM

Bicameralism	Powers and legitimacy	Representation
Strong (4)	Symmetrical	Incongruent
Medium-strength (3)	both are ranked equally	
Weak (2)	Asymmetrical	Congruent
Unicameralism (1)	-	-

The issue of bicameralism is important to take into consideration in the research of federalism because even weak bicameralism still stands for some degree of division of power and representation of the interests of constituent units. It was already stated that there is a strong positive relationship (correlation coefficient = 0,64⁶) between dichotomies of federal-unitary institutional design of the state and the bicameral-unicameral division of the legislature. All countries that have formally constitutional design also have bicameral legislative body.

Tiberiu Dragu and Jonathan Rodden (Dragu, Rodden, 2011) offer the following operationalization of legislative representation to provide a common metric: they suggest constructing a relative representation index measuring a number of province's obtained legislative seats per capita in relation to the total number of seats par capita in the entire

⁶ Measured as the relationship between the quantitative index of bicameralism and the index of decentralization established by Arend Lijphart in: Lijphart, 1999: 214. The sample is thirty-six democracies, and the time period is 1945-96. The correlation coefficient of 0,64 is significant at the 1 percent level.

country. An index value of 1 means that the representation principle fits one-person, one-vote standard, while values below 1 imply that the constituent unit is underrepresented, and values above 1 signify the overrepresentation of the province (Dragu, Rodden, 2011: 8601). At the same time, the authors provide the operationalization of the distribution of intergovernmental grants to the constituent units. They are measuring this variable by calculating a province's yearly inflation-adjusted transfers per capita in relation to the total amount of transfers per capita in the country. Both measures are converted to logarithms since there is a skew in the distribution of the values across the countries, so there is a need to normalize the distribution (ibid).

Stepan believes that demos-constraining legislature is seen to be bicameral, where the one house is elected by all citizens, while the other chamber is based on the territorial principle and all subunits are represented in the equal manner. Moreover, according to the author, the federal design makes jurisdictional disputes more complicated, because in this case the judiciary is not responsible to demos. In other words, by introducing demos constraining mechanisms, the individual rights can be protected from encroachments on the part of the central government (Stepan, 1999: 21).

At the same time, federal states can be demos – enabling as well, and this degree is determined by such variables, as: the level of overrepresentation in the upper legislative body, the scope of the policy areas is accounted for the subnational level through the territorial chamber, and the sorts of policy issues that are delegated to the regional level (Stepan, 1999: 24).

The author offers the explanation for all these variables. Firstly, he states that the greater the representation of small states with fewer residents, the greater the demos-constraining

capacity of the upper chamber of the parliament. He believes that it can be disincentive to multinational polities with federal system to adopt an equal representation (Stepan, 1999: 24).

Secondly, the higher the policy scope of the territorial chamber is, the more democ-
constraining it is. He measures the power of the upper house in terms of their constitutionally
executive prerogatives. Among them, the possibility to vote for the government formation and
termination plays the most important role for the author (Stepan, 1999: 27).

Furthermore, Stepan's Gini-index for measuring the degree of disproportionality of political
representation of constituencies in the federal legislative branch of power can be used. It can
be calculated by the formula:

$$G = 1 + 1/n - 2ny (y_1 + 2y_2 + 3y_3 + \dots + nyn)$$

Where: n = number of constituent units, y = mean percentage of seats. In case one uses
deciles y is automatically 10, so is n. y₁, y₂, y₃ stands for the percentage of seats that
corresponds to each of the deciles (Stepan, 2001: 344). The value 0 of Stepan's Gini
coefficient indicates that the composition of the upper chamber of legislature is fully
proportional and fits with one-person, one-vote principle. The value 1 of the coefficient
signifies that one subnational unit has all the seats in the upper chamber of the legislative
body (Stepan, 1999: 25, 344).

TABLE 7: THE DEGREE OF OVERREPRESENTATION IN THE UPPER HOUSES

Gini Index of Inequality		Ratio of best represented to worst represented federal unit (on basis of population)		Percentage of seats of best represented decile	
Belgium	0.015	Austria	1.5/1	Belgium	10.8
Austria	0.05	Belgium	2/1	Austria	11.9
India	0.10	Spain	10/1	India	15.4
Spain	0.31	India	11/1	Spain	23.7

Germany	0.32	Germany	13/1	Germany	24.0
Canada	0.34	Australia	13/1	Australia	28.7
Australia	0.36	Canada	21/1	Canada	33.4
Russia	0.43	Switzerland	40/1	Russia	35.0
Switzerland	0.45	USA	66/1	Switzerland	38.4
USA	0.49	Argentina	85/1	USA	39.7
Brazil	0.52	Brazil	144/1	Brazil	41.3
Argentina	0.61	Russia	370/1	Argentina	44.8

2.2.3 FISCAL

Tiberiu Dragu and Jonathan Rodden (Dragu, Rodden, 2011) claim that there is a strong relationship between the level of political representation of constituent units and the financial redistributive pattern that exists in a federal state. They show that overrepresented provinces in political unions tend to be dramatically favored in the distribution of financial resources, receiving substantially larger share of government transfers and expenditures per capita compared to other regions (Dragu, Rodden, 2011: 8601). The causal mechanism is not very clear, but according to the design of the research, the independent variable, or the cause, is the level of overrepresentation of political constituent units, while the effect or the dependent variable is the distribution of financial resources.

The authors provide the operationalization of the distribution of intergovernmental grants to the constituent units. They are measuring this variable by calculating a province's yearly inflation-adjusted transfers per capita in relation to the total amount of transfers per capita in the country. Both measures are converted to logarithms since there is a skew in the distribution of the values across the countries, so there is the need to normalize the distribution (ibid).

Arend Lijphart (1999: 192) offers to measure fiscal decentralization by calculating central government's share of a country's total tax receipt. Non-central taxes are the taxes collected by regional governments for themselves, adding those shares of the federal that accrue to subnational units automatically, excluding all conditional or unconditional transfers, as well as the social security taxes⁷. Lijphart shows that the higher the level of federalism is associated with, the lower the central government's share in total tax receipt.

Jan-Erik Lane and Svante Ersson's (1994, 224) conceptualize their institutional autonomy index through fiscal decentralization. The index that they introduced for assessing territorial autonomy for particular regions as well as the degree of regional and local government discretion (Lijphart, 1999: 194) is measured by calculating the share of regional or local final consumption in the general government final consumption.

Lane and Ersson distinguish strict and non-strict measures of institutional autonomy. The strict version measures the amount of financial autonomy of the government of the subnational level from the federal level, which is conceptually similar to Lijphart's index. According to Lane and Ersson, their strict institutional autonomy index, or the financial indicator, measures the proportion of regional and local government expenses on goods and services in relation to the total public sector share of spending on goods and services (Lane and Ersson, 1994: 188).

Golosov (2001) claims that the average level for fiscal centralization in unitary states measured as the share of central taxes in total tax revenue is 83%, while the average share for

⁷ The data can be found for the sample of 21 countries in Organization for Economic Cooperation and Development (OECD) database (according to Lijphart, 1999: 192).

federal states is only 53% (Table 8).⁸ Using fiscal decentralization index as an objective index of federalism is justified by the hypothesis that management decentralization is mostly associated with reallocation of money flows in favor of provinces. Lijphart shows that the average level for fiscal centralization in unitary states is significantly higher than in federal states.

TABLE 8: LEVEL FOR FISCAL CENTRALIZATION⁹

Unitary state	Federation	Central tax share (in reverse order), %
Netherlands		98
Israel		96
Italy		96
Belgium		93
New Zealand		93
Ireland		92
France		88
Great Britain		87
Iceland		83
Luxembourg		82
	Australia	80

⁸ Golosov describes his source for data as “based on Lijphart’s data, 1972, 1973, 1975, 1977, 1978, 1979” (Golosov 2001, 260), though not all listed sources are included in the reference list.

⁹ Golosov, Grigory. *Comparative politics*. (Saint-Petersburg: European University at St. Petersburg, 2001), 259

Denmark	71
Finland	70
Austria	70
Norway	70
Japan	65
Sweden	62
USA	57
West Germany	51
Canada	50
Switzerland	41
Mean for unitary states	83,06
Mean for federations	58,16

2.3 MEASUREMENT PROBLEMS

I would like to indicate some possible problems with the measurement of federal asymmetry. These issues are: 1) need for multiple indicators and a further aggregation process; 2) the inescapable nature of measurement error; 3) reliance on subjective judgments; 4) necessity of theoretical justification and empirical testing; 5) imperfect reliability; 6) imperfect replicability.

The major problem is seen at the point of aggregation of multiple indicators of asymmetry at different dimensions to any kind of universal index of asymmetry, which could make convenient the comparison of federal states in a larger sample. A simple calculation of average value of indexes aimed at assessing different dimensions of asymmetry might not

capture what really matters in the established asymmetric design. Asymmetric design and the type of asymmetry can't be universal because each specific institutional pattern is aimed at accommodating distinct differences that might cause problems in a federal state.

The existing measurement of decentralization and asymmetry were created with a focus on the distinction between federal and non-federal countries, which makes them barely applicable for the countries that are beyond the sample of federations, or at least makes such measures insensitive to the variation of non-federal countries (Marks, Hooghe, Schakel, 2008). This complicates the use of these measures in a comparative temporal perspective, using time-series data.

It is important to analyze concept validity in order to ensure that the adopted measure does accurately represent the theoretical idea of the concept. The issue of reliability of the newly developed measure also arises. The criterion of reliability is met when a repeated application of measurement procedures will lead to consistent results (Zeller et al, 1980).

2.4 MAPPING DIFFERENT ASYMMETRY INDICES

Golosov (2001: 261) asserts that federalism is a phenomenon that is conditioned by constitutional restrictions on possession and application of power. In this work all states that fit all the three criteria by Golosov are regarded as federations. However, all measures presented above were calculated by scholars themselves using different samples with different attributes. Stepan (2001: 344), for instance, is encompassing only twelve federal democracies reducing the sample to five cases for some measure, as well as Lijphart (1999) measures inequality of representation only for nine democratic countries, while Watts (1996) is comparing all first versions of national constitutions of ten federal states for evaluation of formal institutional asymmetry.

Table 9 illustrates the difference in possible approaches in defining and measuring federal asymmetry and decentralization using the tree-dimensional approach to decentralization suggested by Rodden (2004) and Treisman (2007). All of these measures are used to map the diversity in operationalization of phenomenon of allocation of power among constituent entities in a federal state. This variety of operationalization methods represents the complexity of the phenomenon of federal asymmetry. The comparison of the quantitative results of described existing asymmetry indexes deserves a separate research with identification and detailed explanation of differences in the results. This study, however, concentrates on the case study in order to illustrate the essence behind the adopted model of decentralization in one federal country.

TABLE 9: THE OVERVIEW OF INDEXES OF ASYMMETRY AMONG CONSTITUENT UNITS

Dimension	Political			Fiscal	Policy	
Conceptualization	Upper house election method	Design of both legislative branches	Relative representation index	Budgetary redistributive mechanism	The formal constitutional power assigned to different chambers of the legislative body	
Indicator	The degree of inequality of representation of small constituent units caused by favorable treatment of certain units: congruent or incongruent parliaments	Congruence of the legislature	The number of obtained seats in the legislation	The level of inequality between provinces in their income from budgetary redistributive process	Exclusive right of distinct provinces to decide on certain jurisdiction signifies asymmetry. The number of provinces with exclusive rights has to be less than all units in a country.	
Operationalization	<p>Stepan's Gini-index of Inequality.</p> <p>The value of 0 stands for complete proportionality in representation of the population of constituent units.</p> <p>The value of 1 is the maximum approximation of the situation when the most favorably represented unit has</p>	<p>Incongruent:</p> <ul style="list-style-type: none"> Equal representation of all subnational units: overrepresentation of small constituencies Non-equal, but disproportionately represented units <p>Congruent:</p>	<p>The number of province's obtained legislative seats per capita in relation to the total number of seats per capita in the entire country.</p> <p>The value of 1 signifies that representation principle fits one-person, one-vote standard.</p> <p>The value below 1</p>	<p>A province's yearly inflation-adjusted transfers per capita in relation to the total amount of transfers per capita in the country.</p> <p>Both measures are converted to logarithms in order to normalize the</p>	<p>Policy areas:</p> <ul style="list-style-type: none"> Native laws Communication Taxation Shipping and fishing Ethnic and linguistic policy <p>Each exclusive policy area gives 1 point, which sum up. The maximum value of 5 means strong asymmetry, while 0</p>	<p>Policy areas:</p> <ul style="list-style-type: none"> Export taxation Provision on the state Municipal pensions State banks <p>Each exclusive policy area gives 1 point, which sum up. The maximum value of 4 means strong asymmetry, while 0</p>

	all the seats in the upper chamber, while others have none.	<ul style="list-style-type: none"> Proportional representation 	<p>means that unit is underrepresented.</p> <p>The value above 1 means overrepresentation of the province</p>	<p>skewness of the distribution.</p> <p>The value of 1 means the compliance of province's transfers to the mean federal transfers.</p> <p>The value below 1 signifies underfinancing of a province.</p> <p>The value above 1 means overfinancing of a province.</p>	stands for symmetry.	stands for symmetry.
Sources	<p>Stepan, 2001: 344</p> <p>Lijphart, 1999: 208</p>	Lijphart, 1999: 209	Dragu, Rodden, 2011: 8601	Dragu, Rodden, 2011: 8601	Watts, 1996	Stepan, 1999: 29

2.4 CONCLUSION AND SUMMARY OF THE CHAPTER

Scholars tend to research federal asymmetry from the perspective that there are three major dimensions that shape the degree of asymmetry or decentralization of constituent units of federal state. This section reviewed a variety of ways for measuring the level of disproportionality in representation including the assessment of the policy scope or the ability of the subnational unit to formulate, adopt or implement a certain policy, the model of tax reductions, fiscal preferences and transfers distribution, and political representation disproportionality.

The appropriate measures of asymmetric design and type of asymmetry cannot be universal, since there are salient differences in the polity which makes the application of the majority rule at the national level unacceptable. Every federal country adopts a unique institutional pattern of decentralization or asymmetry in order to address and accommodate the existing issue.

In order to ensure cross-cultural and cross-national comparability and being able to compare the same concepts researches need to use equivalent indicators instead of identical. The nature of indicators of a concept chosen may and indeed should vary across contexts. At the same time, their causal significance, function and expected effect must be equivalent and refer to the theoretical concept that the introduced measure is meant to capture (van Deth, 1998: 3). The method of functional equivalence should be applied in case of comparison of different systems. Van Deth (1998: 5) believes that it is the actual use of functionally equivalent concepts in historically oriented research that will help us answer why different systems opt for different solutions, or, in other words, indicators of federal asymmetry have to be attuned

to the specific circumstances in each federal country and assessed for similarity used in different settings (ibid, 1998: 6).

3. CASE STUDY

Federal asymmetry is an accommodation of salient differences in a polity. It is not a united policy, but a division. Asymmetry in a federation is always meant to recognize something peculiar in the circumstances that call for federalism, it represents how federalist practices call for shared sovereignty of units or communities. Each case of adopting certain type of asymmetry cannot be substituted with other forms of asymmetry because of the history of the institutional establishment.

This section contains a case of the Russian Federation to illustrate that it is not always the same aspects of asymmetry that are important. I will explain why in this case the particular chosen institutional asymmetrical design was established and how it helps with prevention of potential social tension and secession. History of the chosen country is used to show how the federation emerged and how federal design was meant to deal with the existing division.

3.1 METHODOLOGY OF CASE-STUDY AND BASIS OF COMPARISON

In this chapter I take on the task of description. It is important to start the analysis with descriptive arguments to provide the understanding of the concept for further comparative and causal analysis. The descriptive argument in this work takes the archetypal forms of the associational indicator (Gerring, 2012), as it aims to describe several dimensions of a concept based on the empirical manifestation of the phenomenon of federal asymmetry. As this is a

descriptive argument about multidimensional components of a phenomenon of asymmetrical design, it is an associational form of description. The descriptive argument in this analysis addresses two questions: what is asymmetrical federal design and how it was formed and adopted in a state. It shows several attempts of different political scientists and other scholars to find the objective for establishing an asymmetrical institutional design in each federal state.

The study uses historical institutionalism methodology in order to gain insights into the objectives for introduction of a certain institutional arrangement in a federal country that forms the asymmetric design. Institutions in this article are understood as formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units in the polity and economy (Hall and Taylor, 1996). The study presumes a historical and evolutionary nature of institutional design and change, covering qualitative historical material in order to address the research question of the study.

3.2 EXPLANATION FOR CASE-SELECTION

In order to address the research question and understand how symmetric or asymmetric power distribution principle is implemented by the federation and to capture the essence of asymmetry adopted in a federal state I would like to use the case of the Russian Federation and study the objective behind the adoption of certain power distribution pattern.

This part of the study is dedicated to identifying the objective for adopting asymmetry and decentralization by researching constituent power and demos in a federal state using the case of Russia from the perspective of the historic institutionalism, Dworkin's and Stepan's theory of demos-constraining design. The example that I will use in this work is the Russian Federation from 1993 till 2000, when the new constitutional design was established and

formal rules of the game were in the process of institutionalization. At this time the tension between centralization and decentralization movement in the state was at its peak due to these formal and informal institutionalization processes. To answer the stated questions, I will briefly describe the historical context from the late Soviet period to demonstrate the path dependency of the institutions, heterogeneous and plural society and their political cleavages, and the characteristics of the legislative body which, according to Stepan, can either provide demos-constraining or demos-enabling design of the government.

3.3 THE RUSSIAN FEDERATION

The example of Russia is an interesting case to illustrate the existing controversy of why countries adopt certain power distribution models. Constitutionally, Russia is a federal state with fairly equal in terms of legal formalities constituent units. At the same time, there is an obvious absence of empirical practices and examples that indicate the presence of legally designated redistribution of power execution.

In a huge multicultural state with many nations different rules of the game had been set informally for regions with a higher concentration of a certain ethnicity, which made the federation asymmetric. At the same time, the federal budget policy is claimed to be equalizing with the help of inter budgetary transfers. In practice, however, a hidden fiscal asymmetry exists, which takes the form of tax reductions and other fiscal preferences.

Stepan claims that W. Riker believes that the Soviet Union fits the definition of a federation, as it was formed in the context of a federal bargain (Stepan, 1999: 22). Stepan himself is more inclined to think that current institutional design is a direct consequence of the design in the past, which means that he sees the formation of the federal institution from the perspective of

path dependency. Since the Russian Federation has a long history of the territorial power allocation and its transformation, I believe it is necessary to describe this history briefly for the analysis.

Russia of the empire period can be understood as a composite territory which had to be managed somehow in the non-democratic regime. Stepan describes this type of governance as the composition of different institutes that can be considered as a consequence of the existence of different ethnic groups and values. Institutes adjust to local realities to provide cooptation of the local political elites (Stepan, 1999: 20). Stepan and Riker think that an empire is not a federal state since there are no guarantees for any amount of autonomy for the constituent polities (Riker, 1964: 3, 8-9, 25-29)

In 1917 the Russian empire collapsed and the Soviet states and government emerged, which can be understood as the restoration of the empire in the Soviet style. The Soviet Union even called itself the Socialist Federation. It was stated in the constitution of 1936 that socialist federalism differs from the bourgeois order because any subject may withdraw from the federation at any time (Slezkine, 1994: 414). Moreover, according to the constitution of 1936 and the following one in 1977, the Soviet Union republics constitutionally had a sufficient amount of authority, but empirically they were able to use their authority only to the extent that the federal center allowed them to. This, in Riker's opinion, indicates the features of the empire which were inherited by the Soviet Union. Some scholars (Slezkine, 1994: 417) call it a conception of the democratic centralism, because the project usually was discussed and initiated on a subnational level and then the decision was taken into consideration by the federal government.

Normatively, the Soviet Union was a federal state consisted of 15 union republics that had the status of the federal subjects, which were formed on the national basis. There were two

federal states: the Russian Soviet Federative Socialist Republic and Georgia, and thirteen unitary republics. The administration was based on the principle of the right of nations for self-determination, which led to the right for possible withdrawal and secession for the republics. Even though there are some features of ethnofederalism, such as the prevailing representation of ethnic groups in the subnational units party establishment, and the existing cultural autonomy, scholars do not agree whether it can be considered as a fully federal state (Slezkine 1994, 417-418, Stepan 2000) They believe that the most important feature, budgetary federalism, was missing, accompanied by the fact that in practice the possibility of secession could not be fulfilled because the procedures were not institutionalized.

Slezkine is approaching the question of the usage of the national policy by communist Russia from the perspective that ethnofederalism is the consequence of the plural society, so the formation of the subnational entities was originated from the ethnic characteristics. He believes that it is a way of enforcing socialist policy to the constituent units, as people still use their native language in these polities. Rejecting ethnofederalism and nationalism as the state policy would lead to the strengthening of oppressive practices. Therefore, the proper policy in the beginning of the Soviet state formation would include the support of regional ethnic groups, and on the further steps such category as “the Soviet citizen” would be established - interprets the author. No wonder then that national republics in the USSR were constitutionally able to decide independently on their cultural policy (Slezkine, 1994: 425, Nozhenko and Starodubtsev, 2006:425). Moreover, in 1987 the financial crisis forced the federal center to implement more devolution, which also led to the appearance of the features of the budgetary federalism. During the crisis the constituent units of the RSFSR had to govern themselves more independently in the financial issue.

Really soon, in 1990 the Declaration of Sovereignty of the RSFSR was adopted, followed by the so-called “parade of sovereignties” of the republics that used to constitute the RSFSR:

Karelia, the Republic of Bashkortostan, the Republic of Tatarstan and others, on the level of the federal center the political fight for the republics began (Stepan 2000, Smirnyagin, Busygina 2010).

The example can be Russia after the collapse of the Soviet Union and the establishment of the regional constitution and policy for regional identity. During the 1990-2013 Russia transformed from a relatively decentralized system to the situation when there was a risk of collapse, and then back to the centralization. We can analyze that during the 1990-s decentralization was the inevitable policy, associated with the weakness of the constituent power of the federal government, which was unable to fully control the territory of the state and resist the rising regional autonomy.

At this very moment the struggle for authority on the federal level occurred between President Yeltsin and the Supreme Soviet which led to severe changes in the text of the constitution that were made with procedural violations, because there were no constituent elections to create new ruling elites and authorities (Starodubtsev 2010). Both drafts of the constitution paid attention to the national republics, because, as Slezkine thinks - the one who wins the republics gets the power. Starodubtsev and Nozhenko believe that a policy promoting a stronger position of the national republics was held by Yeltsin: in 1993, after the constitutional crisis, he imposed a moratorium on the election of governors for all regions except the national republics (Nozhenko and Starodubtsev, 2006:425). Moreover, almost all the constitutions that were adopted by the subnational entities defined them as “sovereign state within Russia”. They also signed the so-called “bilateral agreements” with the federal center, which were aimed to protect the sovereignty of the constituent polities. At the same time, the President supported the logic of regional elites loyalty in exchange for non-interference from the center. This all led to the moment when after Yeltsin’s re-election in 1996 the authoritarian regimes in the subnational units, mostly in national republics, became

consolidated, because regional elites had incentives to control their electorate in the context of this kind of relationship with the federal center.

However, this policy was changed in 1998, which was the year, according to some scholars (Petrov, 2000: 7), when the “pendulum of the decentralization” reached its peak, and the reversed trend towards centralization was adopted and aimed at. Due to the financial crisis of the 1998, the “bilateral agreements” were no more signed and tolerated by the federal center, because, as Starodubtsev (2010: 14) believes, the center was running out of financial resources.

At this very moment the tension between the federal center and the regions transferred to the sphere of elections, and strong regional leaders (Luzhkov, Primakov, Shaimiev, Rakhimov) formed their own party, “Otechestvo – Vsyā Rossiya” (Fatherland – All Russia). The main goal in the party program was the establishment of a confederation. Their main opponent was the party “Yedinstvo” (Unity) which is mainly associated with Putin and the others interested in the centralization of the country (Petrov, 2000: 15). The restoration of administrative capacity of the federal government in 2000-s led to active centralization (Hyde 2001). The federal center easily succeeded in breaking the resistance of the regions that were considered as strong actors of the entire political process. Since Putin was appointed to be vice by Yeltsin and after that won the elections, the further trend towards centralization has been adopted and implemented. The first public political speech of Putin that was broadcast widely on TV mentioned that the new course towards the change of the federative relationship would be considered (Nozhenko, Starodubtsev 2006). The principles of the formation of the upper house, the Federation Council, were changed and the representatives of the regions were not the governors themselves, but two senators who are appointed by the regional parliament. This led to, as Starodubtsev and Nozhenko (2006) think, the severe decrease of the authority of the Federation Council, it did play much less

important political role in terms of representation of the interests of subnational units. It happened mostly because these representatives lived in Moscow and travelled to their regions rarely, financed by the federal center, which in turn caused the loss of connection with the region.

Some other demos-enabling measures were also taken, such as the establishment of seven federal districts which was aimed at the proportional representation of the citizens and the constraining of the political authority of regional elites. Moreover, regional constitutions were revised in order to provide their compliance with the constitutional law of the federal center.

3.4 CONCLUSION AND SUMMARY OF THE CHAPTER

The historical analysis revealed that the initial formation of the subnational entities in Soviet Union was based on ethnic characteristics, which led to the introduction of institutional arrangement with features of policy and political asymmetry. In the case when the state is heterogeneous and the citizens can be described as a plural society with strong political cleavages, a state can face bargaining for political power between different levels of authority, which is supported by the example of the tension between the federal center and national republics. National republics were using the issue of ethnicity as a political bargain for extra power and independence, as well as a higher representation on the federal level. It all led to the establishment of a certain kind of legislative body which, according to Stepan, can either constrain the demos and provide minorities with higher representation, or constrain the minorities and give the demos the opportunity to decide.

Political asymmetry in the Soviet Union was executed via implementation of mechanisms for overrepresentation of ethnic groups in the subnational units' party establishment. Policy asymmetry was represented by the existing cultural autonomy of subnational units and their constitutionally embedded competences in the field of linguistic and cultural policy. Fiscal asymmetry emerged later as a result of financial crisis and was aimed at improvement of economic performance of the state, but not as a result of political bargaining of subnational entities for exclusive fiscal rights.

Later in the early 1990-s the main objective for decentralization and asymmetry was the impossibility for weak federal administration to resist the rising tendencies for regional autonomy, supported by strong regional leaders and strong regional economies. Even though the policy autonomy formally only slightly increased with the introduction of new regional constitutions, in practice the decentralization tendencies increased significantly. However, this could not be adequately measured by both indices of policy asymmetry since they measure only formally assigned competences, but not their execution.

In the mid-1990-s the objective for asymmetry changed to gaining political support and power from regional actors for federal administration. In order to reach this objective, the president allows governor elections in national republics, therefore increasing the political asymmetry in a state. During this period the type of adopted asymmetry can be measured by indicators of representation and political decentralization.

After 1998 with the emergence of "Otechestvo – Vsyā Rossiya" (Fatherland – All Russia) equalization of power of subnational entities started due to the program of the winning party "Yedinstvo" (Unity). Even though this can be considered a rise of potential for political decentralization because of promotion of such idea on federal agenda, the indexes that are described above cannot measure such feature of political decentralization. Moreover, this

measure in isolation would not show the complete picture, but the evaluation of the discrete institutional design, since all previous steps towards decentralization led to the establishment of such party bargaining for confederative arrangement of the country.

Modern Russia, from the perspective of political decentralization or the representation in the legislative body, according to the evaluation of Stepan, has a demos-containing design of the upper chamber of the parliament, the Federation Council. It has highly disproportional representation of the subnational units, as principle "one person – one vote" plays a role in the lower chamber, the State Duma, and "one unit – two seats" in the upper chamber, the Federation Council. This gives equal weight to all subnational units, regardless of their population, which leads to the overrepresentation of less populous states.

Furthermore, Stepan believes that the higher the policy scope of the territorial chamber is, the more demos-constraining it is, and the capacity for the government formation plays the most important role for Stepan. The Russian government is formed without participation of the Federation Council, because the prime-minister is proposed by the President and the State Duma has the possibility to support or decline the candidate. After this, federal ministers are appointed by the prime-minister. However, the Federation Council has the right for the impeachment of the President of the Russian Federation. The important role in terms of the formation of the government is played by the State Duma, so this feature can be considered as demos-enabling.

The role of the Federation Council constitutionally in terms of policy implementation is significant, especially it was so before 2000, as it had enough political power to veto the policy adopted by the State Duma or lobby a certain amendment during the parliamentary hearings. This presumably means that this variable also indicates the demos-constraining design. The examples of the policies that are exclusively decided on the regional level can be:

the official language that is used on the same legal basis in the region, as the Russian language and the cultural policy. Stepan would not be satisfied with such minor competences, taking into consideration the fact that the important competences such as provision on the state and municipal pensions and export taxation are constitutionally assigned to the federal center. Therefore, I would conclude that this variable indicated the demos-enabling design.

The evidence from this case study suggests that any aspect of asymmetric design that is chosen to be implemented by policy-makers strongly depends on the context. Moreover, features of federal asymmetry should be studied from the perspective of political, policy and fiscal dimensions in order to provide a more adequate and robust analysis of the established institutional design.

CONCLUSION

This article includes the overview of several attempts to conceptualize the notion of federalism, including the discussion on the issue of decentralization and the most common methodological approaches to study the models of power allocation among constituent units. I also outlined some possible operationalization of different dimensions of asymmetrical federal design which constitute *de jure* and *de facto* asymmetry. These are fiscal, political and policy or administrative dimensions.

It shows that the objective in power distribution principle in a federal state is aimed at demos constraining and the accommodation of existing differences that make the application of majority rule at the national level problematic. The study of the Russian Federation case, encompassing the topic of the history of establishing current institutional arrangement and implementation of asymmetry illustrated that the adopted institutional design was context specific. Such factor as the existence of a plural society with strong political cleavages lead to the establishment of a legislative institutional design which causes overrepresentation of less populous states. It was made as a form of reaction on a political bargain for extra power and independence initiated by the National republics. They used the issue of ethnicity as their supportive argument for their demand on more significant political role at the national level. In order to balance out such political decentralization, policy-makers were gradually adopting fiscal and policy-making centralization in order to create a demos-enabling design for these fields.

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