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Title: Sources of asymmetry in fiscal relations between the centre and periphery: the case of the Russian regions

Neither the balance of budgetary flows between the levels of government, nor the degree of (de)centralization can fully account for the market-oriented performance of sub-national governments. More important appear to be the conditions of hard and soft budget constraints a particular region has experienced. Weingast's concept of soft budget constraints labels the propensity and capability of the sub-national governments to remove/ignore obligation to balance revenues and expenditures; it is a recurrent pattern of extra-constitutional revenue sharing between the levels of the federation. Using data from all eighty-nine regions of Russian Federation, this paper examines various arguments to explain how the conditions of soft budget constraints were acquired and maintained during the first decade of the economic reform.