NORTH CAUCASIAN REBELS’ ECONOMIC POLICY DEFINED BY CONVENTIONALITY AND WISHFUL THINKING

By Kevin Daniel Leahy (2/2/2011 issue of the CACI Analyst)

As the security situation has worsened in the Northern Caucasus over the past several years, Russian political pundits have taken to theorizing as to what sort of state might emerge there should Moscow become unwilling or perhaps unable to maintain its suzerainty in the region. It might be assumed that any economic strategy embraced by this new state would be defined by the political viewpoint of its leadership. When it comes to formulating economic strategy, however, it would seem that Moscow bureaucrats, local pro-Moscow elites and public representatives of the rebel movement in the region are reading from the same manuals.

BACKGROUND: In May 2010, an article entitled ‘The Economic Prospects of the Caucasus Emirate’ was posted on a website operated by agents of Dagestan’s rebel organisation, Jamaat Sharia. This article was attributed to an anonymous third-year university student in the Dagestan State Institute of National Economy. The posting of this economic treatise was remarkable for several reasons. Firstly, it represented one of the first attempts by a representative of the Caucasus Emirate organization to explain the economic policies associated with that body.

In the second instance, the article is remarkable for the fact that neither mainstream Russian economists, nor their neo-liberal counterparts in the West, could take issue with the economic recommendations and conclusions advanced by the anonymous author. He criticises the dependence of the region’s inhabitants on benefits provided by the Russian exchequer. Their reliance on state welfare makes it difficult for the people of the region to contemplate a future free of Russian influence. The fiscal burden of the ‘Welfare State’ is a familiar refrain from centre-right politicians and neo-liberal economists in the West. The author believes that Russia’s economic subsidization of the region’s inhabitants is in fact a psychological weapon in Moscow’s counter-insurgency strategy: it contributes to an impression, popular throughout the Northern Caucasus, that the region is incapable of managing its own economic affairs without Russian involvement.

The author urges his countrymen not to be apprehensive about a scenario whereby subsidies from the Russian budget are no longer available to them: “If Muslims have found the strength, by trusting in God, to struggle with a huge Empire for more than fifteen years, with Allah’s help they will find the strength to feed themselves without any handouts.” At this point it becomes clear that the title of this article is misleading; the author is concerned solely with the economic prospects of Dagestan and does not mention the other republics in the region or their economic resources.

At times, his language is virtually indistinguishable from that used by mainstream politicians in the West. He promises ‘budgetary transparency’ in the new state. He also proposes tax credits and tax exemptions for small businesses. A green agenda is even outlined, with the author foreseeing the new government saving money by switching to alternative sources of energy such as wind and solar power. It is also proposed that Dagestan should make use of more traditional economic assets. The economic importance of the Caspian Sea is outlined; the possibility of exporting agricultural produce is discussed; and the sale of electrical power to neighbouring jurisdictions is envisaged as a means of swelling the state coffers. Taken at face value, this treatise contains a sensible strategy for instituting Dagestan’s economic sovereignty within the context of a new Islamic state in the Northern Caucasus. The article runs to less than nine hundred words, however, and contains too many assumptions about social and economic realities in Dagestan to be in any way regarded as Prophetic.

IMPLICATIONS: The importance of federal subsidies to the economies of the Northern Caucasus is highlighted by the fact that almost 80 percent of Dagestan’s budget is underwritten by Moscow credits and tax exemptions for small businesses. A green agenda is even outlined, with the author foreseeing the new government saving money by switching to alternative sources of energy such as wind and solar power. It is also proposed that Dagestan should make use of more traditional economic assets. The economic importance of the Caspian Sea is outlined; the possibility of exporting agricultural produce is discussed; and the sale of electrical power to neighbouring jurisdictions is envisaged as a means of swelling the state coffers. Taken at face value, this treatise contains a sensible strategy for instituting Dagestan’s economic sovereignty within the context of a new Islamic state in the Northern Caucasus. The article runs to less than nine hundred words, however, and contains too many assumptions about social and economic realities in Dagestan to be in any way regarded as Prophetic.

The author also shows a certain naiveté in how he envisages the post-independence economic scenario unfolding in Dagestan. With respect to the agricultural sector, for instance, the author offers the following analysis: “We have good, fertile land, which with proper treatment will yield rich harvests. If the peasants do not interfere, do not create unnecessary administrative barriers and regulatory mechanisms, agriculture will be quite profitable”.

Long-standing disputes concerning land ownership are a feature of the political landscape in the Northern Caucasus, not least in multi-ethnic Dagestan. In recent years, pro-Russian law-makers in various jurisdictions throughout the region have faced serious resistance to their efforts to redraw municipal boundaries. These disputes will not be resolved by a Russian withdrawal from the region, something the anonymous author tacitly acknowledges. The ‘Land Question’ in the Northern Caucasus cannot be ignored and will continue to vex whatever government succeeds to power in the region.

The late Anzor Astemirov, until his death in 2010 the chairman of the rebel’s Supreme Sharia Court, discussed this issue in relation to land disputes in his native republic of Kabardino-Balkaria. Astemirov’s stance on the distribution of land was unequivocal and is worth quoting at length: “… pastures and grasslands cannot be given as private property or as a collective property to a definite clan, tribe or ethnic group. Pasture, water and fuel are the common heritage of Muslims living in the area, regardless of their ethnic or racial identity. The procedure for using such lands is specified by a government that rules according to the Law of Allah”. While Astemirov’s analysis of the Land Question is less dismissive than that offered by our anonymous author, he too believed, with a sort of millenarian conviction, that the imposition of Islamic Law in the region will render localized disputes over land null and void.

CONCLUSIONS: The author of this treatise appears to believe that the withholding of Russian subsidies from the region can be compensated for by “trusting in God”. He also believes that generations-old land disputes in the region can be resolved by referring them to a system of Islamic justice. The first belief is rooted in irrationality; the second is based on wishful thinking.

While the document in question is not entirely specious, it does not offer anything original in terms of the economic strategy it outlines. In fact, much of the program advanced by the author is not at variance with the economic strategy set out by Alexander Khloponin, the man tasked by President Medvedev with rejuvenating the region’s economy. Assuming that representatives of the Caucasus Emirate manage to fill the vacuum of power that would be created by a Russian withdrawal from the region, there is nothing in this treatise to suggest that such a regime would be any more successful than its predecessor at managing the region’s economy.
We must be mindful of the possibility that the disappearance of Russian subsidies might result in mass social unrest. Would an Islamic government have the capacity to deal with such unrest? Furthermore, would such a government have the legitimacy and the resources to enforce Sharia law in questions of land ownership and other legally sensitive matters? The implementation of an economic strategy as envisaged by our anonymous Dagestani economist will naturally be dependent on the ability of any post-independence regime to adequately address the issues raised above.

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The table No. 1 above does not define Dagestan to be the hottest spot in the North Caucasus in terms of spectacular attacks. However, the statistical data and day-to-day armed attacks and interventions staged by the Caucasus emirate have made Dagestan one of the most dangerous places in the region. It goes without saying that the Caucasus Emirate poses a major threat to the stability and security in Dagestan and its impact’s dynamics can be measured through assessing four indicators. "North Caucasian Rebels’ Economic Policy Defined by Conventionality and Wishful Thinking". The Central Asia and Caucasus Analyst (February 2, 2011) // http://old.cacianalyst.org/?q=node/5487, (accessed May 9, 2014). Markedonov, Sergey. The New Economic Policy or NEP was introduced by the Soviet government in 1921. It relaxed the strict conditions and requisitioning of the Civil War years. "The terms in which Lenin defined the relationship between the old economic policy (war communism) and the new (NEP) were of offensive and retreat, construction and pause, leaving no room for a positive acceptance of the NEP in Bolshevik minds. NEP was never conceived of as a path to socialism but as a detour, as a temporary obstacle to overcome. The North Caucasian societies have tried to adapt to the region’s economic challenges through self-employment and an informal economy. Agriculture has developed significantly but is held back by land disputes, inadequate infrastructure, corruption in disbursement of state funds and credits and a lack of processing and logistical facilities. Large projects like hydroelectric power stations, factories and resorts fuel discontent if not carefully planned to avoid destroying local ways of economic subsistence and shifting ethnic and economic balances. Targeted support for small business is needed, especially in multi-ethnic areas with high unemployment."