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**Instability, Economic Stagnation and the Role of Islam in  
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by

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# Instability, Economic Stagnation and the Role of Islam in the North Caucasus

Constanze Dobler\*

December 2011

## Abstract

Since the breakup of the Soviet Union, the North Caucasus is known as a politically unstable region and as a melting pot for terrorism and all kinds of criminal activity, reaching from drug-trafficking and illegal arms trade to hijacking and extortion. Furthermore, the North Caucasus is one of Russia's poorest and least developed regions. Although the role of Islam as a destabilizing factor should not be overestimated, it is a determining characteristic regarding the region's past and current development. The paper considers specific influencing factors like the North Caucasus' geographical location, foreign influence, its Soviet past, its history of Islamization, its societal structure, its ethnic heterogeneity and the prevalent Russian institutional vacuum with a focus on Islam and its local characteristics. Then it is questioned whether sustainable socio-economic development is possible within the prevalent institutional environment and whether Islam plays a decisive role or not. It is discovered, that weak governance on the central and regional levels and the inability to implement and enforce the rule of law are responsible for the region's socio-economic situation. The form of societal organization plays a role, too. These factors, however, are historically determined and will therefore persist, in part even in the long run.

**Keywords:** country studies, economic history, economic systems, formerly centrally planned economies, regional history, religion.

**JEL classification:** N44, N93, N94, O52, P20, P30, Z12

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## 1. Introduction

Since the breakup of the Soviet Union, the North Caucasus is known as a politically unstable region and as a melting pot for terrorism and all kinds of criminal activity, reaching from drug-trafficking and illegal arms trade to hijacking and extortion. For Russia, the North Caucasian federal subjects bear a danger that should not be underestimated. Terrorist attacks on Russian territory, for example the Moscow theatre hostage taking in 2002, the Moscow metro terror attack in 2004, the Beslan school siege in 2004, the terror attack on the Nevsky Express railway train in 2009, or the suicide bombings in the Moscow metro in 2010 caused several hundred of deaths. Furthermore, it is feared that separatist movements could encourage other parts of the population. And, the Russian state is not interested in losing control over the resource-rich regions surrounding the Caspian Sea or securing access to these regions. Islamic radicalism definitely plays a role in the region's current history, but also international crime in other areas. Hence, a political and socio-economic stabilization of the North Caucasus would imply a setback for international terrorism and illegal activities. However, until now, all Russian military and financial efforts were only partly successful if at all.

Although the role of Islam as a destabilizing factor should not be overestimated, it is a determining factor regarding the North Caucasus' past and current development. On the one hand it depicts a traditional and cultural component and on the other hand, for two decades, a radical movement. Since the 9/11-terrorist attacks in New York, Islam came into public and political focus in several ways. One question that is examined since then is whether Islam is generally inhibiting to economic growth and development.<sup>†</sup> A reason for this is possibly the idea that high living standards, that are usually accompanied by high education levels, increase political and social stability and decrease the "vulnerability" for radical ideas. Underdevelopment, low living standards and poor education, on the other hand, can be breeding grounds for political and social instability and extremist thoughts. Most countries with major Muslim populations do in fact not belong to the high-technology industrialized states. The exceptions, like the oil-rich Gulf States, exhibit some special characteristics which make them economically incomparable to their co-religionists. Most states with major Muslim parts of the population belong to the less-developed or even underdeveloped economies (Dobler, 2011).<sup>‡</sup>

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<sup>†</sup> The question whether Islam inhibits economic development has been discussed for decades if not centuries, see for example Huff (2003), Kuran (2011), Landes (1998), Lewis (1970, 2002). However, public and academic interest grew significantly since 2001.

<sup>‡</sup> The wealth of the Arabic states that belong to the group of high-income countries originates in their resource richness and in the relatively small indigenous population numbers. Hence, in per capita measures, the resource wealth is divided between relatively small populations. This results in high per capita income levels. Turkey is an example that exhibits high growth rates

Whether Islam is inhibiting for economic development or not is debated somewhere else.<sup>§</sup> The current article wants to examine whether Islam is to blame for the socio-economic underdevelopment and the political instability of the North Caucasus. Dealing with Islam and its influence on economic, political and social stability is quite important for the Russian state. Not only because of the multifaceted impacts a radical Islamic North Caucasus could have, but also because the Russian Muslim population is growing significantly. Currently, more than 10 percent of the Russian population are Muslims, that is between 15 and 20 million Russians. And the Muslim minority is growing, whereas the total Russian population decreases (Dannreuther & March, 2010; Gorenburg, 2006). Hence, the Islamic factor will play a role for Russia in the long run.

However, trying to analyse whether Islam has an impact on the economy, polity or society one will always discover that Islam is not a homogenous entity that implements the same rules and influences societies in the same way all around the globe. On the contrary, Islam is much influenced by local and regional norms and customs and exhibits very different forms. The most well-known differentiation probably exists between Shia and Sunni Islam. However, even within these two directions, fundamental differences exist, for example in Sunni Islam regarding the four major Islamic legal schools, the Maliki, Hanifite, Shafi'ite and Hanbali. Furthermore, the fact that there is no central form of organisation, no "church", offers the possibility for different interpretations and ways to realize Islamic belief. Hence, the socio-economic impact of Islam in general is difficult to examine, since its individual implementation differs too much between regions and even local clans and tribes. For example, Islamic law, the sharia, is often depicted as anti-modern and cruel, since apparently it incorporates punishments like stoning or hacking off limbs. However, the sharia is not an official rule-book incorporating all forms of Islamic punishment. Instead, the particular implementation depends on local norms and customs. The sharia has never been written down as a general wording of the law. It is a subordinate term for the different implementations of Islamic law, incorporating primarily family and inheritance law. That is to say, Islamic law depends on local traditions and norms and hence, it differs greatly between countries, regions and even clans and tribes.

Therefore, the analysis of Islam in the North Caucasus concentrates on the prevalent forms of Muslim belief and not on Islam in general. It can be questioned whether the religion as it is practised in the region has an influence on the socio-economic conditions. Hence, we are rather

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and positive trends regarding economic development. However, Turkey still shows large differences in income and regional development patterns. The same is true for some Asiatic countries with Muslim majorities. At any rate, there are countries with Muslim majorities that realize high levels of economic development. But they are outnumbered.

<sup>§</sup> See, for example, the works of Landes (1998), Lewis (1970, 2002), Kuran (2004, 2008, 2011).

talking about local practices than Islam in general. Another question that will be analysed is whether the emergence of radical or violent Islam has an impact on the region's development. At any rate, both, local forms of Islam and radical Islam, are not equated with Islam in general. Instead, a certain region and its specific characteristics and influencing components are observed. Furthermore, the prevalent religious beliefs cannot be considered in isolation. Hence, many influencing factors exist and must be observed.

Regarding the North Caucasus, specific influencing factors are its geographical location, the exertion of foreign influence, its Soviet past, its history of Islamization, its societal structure, its ethnic heterogeneity and the prevalent Russian institutional vacuum.

The current article considers all relevant factors with a focus on Islam and its local characteristics. Then it is questioned, whether sustainable socio-economic development is possible within the prevalent environment.

We will not try to establish a causal relationship between Islam and economic growth. That is, the article will not analyse certain Islamic rules that are supposed to harm economic development. But it will be demonstrated that the region's development inhibits economic progress. The Islamic revival plays its role in this development.

The North Caucasus is one of Russia's poorest and least developed regions. The low level of economic development, the situation of instability and insecurity and the region's connections to international crime and terrorism inhibit any progress. If we take a look at Russia's real GDP per capita data between 1996 and 2007, we find the regions of the North Caucasus at the bottom end.\*\* Hence, the North Caucasian regions exhibited low living standards in the mid-1990s and they do so today. Although real GDP per capita levels improved, the order is still the same, see tables 1 and 2.

Analysing the reasons for the bad economic performance of the North Caucasus, it is impossible to prove a causal relationship between a certain cause and effect. Let alone the historical heritage of the Soviet Union is a unique prerequisite that has to be considered. But still, studying the region's historical, political, societal and religious background, it becomes obvious why economic progress is so difficult and hits upon seemingly irresolvable problems that do not originate from the economic sphere. And the problems will not subordinate themselves to economic criteria, although those might lead to higher living standards for all members of the population.

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\*\* The Russian regions of the Caucasus are Adygea, Chechnya, Dagestan, Ingushetia, Kabardino-Balkaria, Karachay-Cherkessia and North-Ossetia-Alania. The seven North Caucasian regions belong to the poorest Russian federal subjects, whereas Russia is currently divided into 83 subjects.

Mari El republic	1996	5862.10
Altay republic	1996	5678.93
Karachay-Cherkessia republic	1996	5415.65
Kabardino-Balkaria republic	1996	5386.62
Adygeya republic	1996	5111.73
Tuva republic	1996	4623.91
Northern Osetia-Alania republic	1996	4614.51
Kalmykia republic	1996	3954.52
Dagestan republic	1996	2728.97
Ingushetia republic	1996	2620.80
Chechnya republic	1996	2620.80

**Table 1:** real GDP per capita 1996 (roubles), 11 federal subjects with the lowest real GDP per capita values in 1996 (own calculation). Data: Goskomstat.

Northern Osetia-Alania republic	2007	69976.13
Altay republic	2007	67694.06
Ivanovo oblast	2007	65203.88
Karachay-Cherkessia republic	2007	61542.11
Adygeya republic	2007	60241.14
Dagestan republic	2007	58065.73
Tuva republic	2007	57789.24
Kalmykia republic	2007	54163.30
Kabardino-Balkaria republic	2007	51895.29
Chechnya republic	2007	36495.85
Ingushetia republic	2007	26852.30

**Table 2:** real GDP per capita 2007 (roubles). 11 federal subjects with the lowest real GDP per capita values in 2007 (own calculation). Data: Goskomstat.

## 2. Geopolitical location and foreign influence

In many respects the Caucasus (North and South) depicts one entity and it does not make sense to divide it into multiple sub-regions. Furthermore, its territorial definition differs depending on whether we take a geographical or a political look on it. Still, it is usually differentiated between the North and the South Caucasus. The border is depicted by the highest mountain range and the watershed (Coene, 2010). Armenia, Azerbaijan and Georgia are defined as South Caucasus. The Northern part lies on Russian territory. However, the current article concentrates on the North Caucasus. This is the case since Russia and its handling with Islam in the Russian Caucasian regions are considered. The inclusion of the independent republics of the South Caucasus would have exceeded the scope of the work. However, the author is aware of the fact that the Caucasus

is not restricted to its Northern part and that the region's South plays an important role regarding current political and socio-economic developments.

The North Caucasus can be differentiated into the North-West and the North-East Caucasus, the former including Adygea, Kabardino-Balkaria, Karachay-Cherkessia and North Ossetia and the latter consisting of Chechnya, Dagestan and Ingushetia. The North-West and the North-East Caucasus exhibited different historical experiences, especially regarding the way and impact of Islamization.

The North Caucasus is one of the ethnically most diversified regions in the world. More than 100 different ethnic groups live in the whole Caucasus, many of which exhibit their own forms of societal and political organization, individual languages and local norms and customs (Coene, 2010; Kurbanov, 2009). The societal structures correspond to a hierarchic form of organization emphasising collectivism and being shaped by customary norms and traditions. Clan and family ties are far more important for the functioning of the society than central state structures. Furthermore, the incorporation of the North Caucasus into the Russian Federation makes the region prone to central Russian interference.

Republic	Population	Ethnic Groups
Adygea Republic	447,000	Russians (64.5%), Adyghe (24.2%), Armenians (3.4%), Ukrainians (2%), and others.
Chechnya Republic	1.1 million	Chechens (93.5%), Russians (3.7%), Kumyks (0.8%), and others.
Dagestan Republic	2.577 million	Avars (29.4%), Dargins (16.5%), Kumyks (14.2%), Lezgins (13.1%), Russians (6.7%), Laks (5.4%), Tabasarans (4.3%), Azeris (4.3%), Chechens (3.4%), Nogais (1.5%), and others.
Ingushetia Republic	467,000	Ingush (77.3%), Chechens (20.4%), Russians (1.2%), and others.
Kabardino-Balkar Republic	901,500	Kabardins (55.3%), Russians (25.1%), Balkars (11.6%), Ossetians (1.1%), and others.
Karachay-Cherkess Republic	439,500	Karachays (38.5%), Russians (33.6%), Cherkess (11.3%), Abazins (7.4%), Nogais (3.4%), and others.
North Ossetia-Alania Republic	710,000	Ossetians (62.7%), Russians (23.2%), Ingush (3.0%), Armenians (2.4%), and others.

**Source:** 2002 Russian Census. According to some Russian demographers, population figures for the 2002 and 2010 censuses (the 2010 data have not yet been released in final form) may have been exaggerated by local officials to gain more economic subsidies from Moscow or to mask losses from conflict and out-migration.

**Note:** The North Caucasus Federal District, spun off in January 2010 from the Southern Federal District, consists of Stavropol Territory and the Republics of Chechnya, Dagestan, Ingushetia, Kabardino-Balkaria, Karachay-Cherkessia, and North Ossetia-Alania. The Adyghe Republic, within Krasnodar Territory, remained in the Southern Federal District.

Figure 1: ethnic groups. Source: Nichols, 2010, p. 2.



The North Caucasus has a direct border with Georgia and Azerbaijan. Behind these two countries lie Turkey, Armenia and Iran. Dagestan borders the Caspian Sea on whose north-eastern side lies Central Asia with Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan. Then come Iran, Afghanistan and Pakistan. The North Caucasus is embedded within a range of countries that are not particularly famous for their political stability, their rule of law and economic success (partly leaving beside Turkey). On the contrary, some of its direct and indirect neighbours can be described as ‘weak states’ or ‘failed states’. According to the Failed States Index 2011, Afghanistan and Pakistan are failed states, while Kyrgyzstan, Iran, Tajikistan, Uzbekistan and Azerbaijan also exhibit high (which means bad) scores. A failed state is usually characterized by a weak government that lost its legitimacy and control, including control over parts of its territory and, for example, over the military. Furthermore, a failed state cannot provide public goods like a social security system or infrastructure anymore. Usually it is penetrated by corruption and crime, it cannot interact within the international community and exhibits economic decline. All of the states surrounding the North Caucasus, even Russia itself, feature at least some of these characteristics.

The Caucasus and large parts of Central Asia consist of mountainous and partly inaccessible terrain what makes border control quite difficult. The whole region is economically underdeveloped and well-known for criminal and terrorist activities. During and after the first Chechen war, for example, it was not difficult for former fighters of the Russo-Afghan war to cross some borders and fight on the side of the Chechen rebels. The complex geographical location and the region’s political instability make it easily accessible for foreign influence. The Islamic revival that is observable since the end of the Soviet Union would have been impossible without financial support from foreign co-religionists. The funds came from organizations in Saudi Arabia, Egypt, the UAE, Pakistan and other countries. The money financed the Islamic building boom starting after the collapse of the Soviet Union. Mosques, madrasas, Islamic universities and educational organizations were built and endowed. A corresponding Islamic infrastructure was recreated and Islamic publication was financed and diffused. Islamic mullahs and imams were sent to the North Caucasus from the Arab and the wider Muslim world to educate young Caucasian Muslims in the sense of “pure” Islam. On the other hand, the Caucasian Muslims were sent to universities and educational institutions in the Arab world to receive an adequate Islamic education. With the foreign influence came radical Wahhabi Islam to the North Caucasus. Prior to the foreign involvement most Muslims in the region practised Sufi Islam, a form of Islam including pre-Islamic and superstitious elements. The foreign mullahs and teachers of Islam that were sent to the North Caucasus were alarmed when they

saw how Islam was practised in the region. Their task was to bring back pure Islam and teach the people accordingly. In their opinion, the society should implement the pure teachings of the prophet and therefore, Muslims had to obey to the Quran and the sharia without any request. The only way to enforce their goals was to implement an Islamic state, a caliphate. Under the influence of the Wahhabis some villages and regions in the North Caucasus implemented sharia law. The majority of the population, however, rejected the new teachings. They further preferred their traditional form of Islam, Sufism, and the corresponding lifestyle. Therefore, the history of the North Caucasus after the collapse of the Soviet Union is characterized by often armed conflicts between Sufis and Wahhabis, pushing parts of the region at the margin of a civil war. The North Caucasus' internal struggles between the traditionalists and the radicals turned efforts to gain independence into religious conflicts. These conflicts necessitated foreign ideological and financial support. According to Khanbabaev (2010, p. 103), between 1995 and 1999, foreign Islamic organizations equipped Dagestani Islamic extremists with more than 10 million US dollars.

In the early 2000s, however, foreign Islamic funding has been substantially reduced by the official authorities. North Caucasian governments and influential politicians and leaders, but also the central government in Moscow, realized the danger emanating from the Wahhabi movement and reacted with the curtailment of foreign Islamic sponsoring, inter alia. Besides, the wars in Iraq and Afghanistan attracted the attention of the particular sponsors, which removed some of their financial assistance to support corresponding recipients in these countries.

### **3. The history of Islamization**

The Soviet Union was home to 60 million Muslims. After the breakup in 1991, 15 million Muslims remained on the territory of the Russian Federation. Thereof seven millions are residents of the Volga-Urals region and five millions live in the North Caucasus. More than half of Tatarstan's and Bashkortostan's population are Muslims. In the North Caucasus, the same is true for Chechnya, Dagestan, Ingushetia, Kabardino-Balkaria and Karachay-Cherkessia. In Adygea, 25 percent of the population are Muslims (Yemelianova, 2010, p. 122).

Because of their Soviet history and temporary, but also geographical, separation from other world regions, the Russian Muslims differ from their co-religionists regarding their beliefs and religious behaviour. In most of Russia's Muslim regions, Sufism is practised. Sufism is a form of Islam that incorporates traditional local, pre-Islamic and often superstitious elements. It is

also called ‘folk Islam’ or ‘peoples Islam’ and it is deeply rooted in the prevalent norms and customs and has adapted to the family- and clan-based societal system. Sufism is practiced in the North Caucasus but also in the Volga-Urals region. The special form of Islam, the Soviet experience and the accompanying separation from other Muslims had consequences in the sense of what ‘being a Muslim’ means to the local people. Being Muslim does not necessarily characterize the religious affiliation but the ethnic identification. Of course, the Russian Muslims practise Islam, with all its local adaptations, but more important, the religious label defines to which ethnicity one belongs. Hence, Islam is understood as an ethnical identification and therefore, Russian Muslims of the North Caucasus are called ‘ethnic Muslims’. That is, “Muslims by ethnicity, but not by belief and practice” (Sagramoso & Yemelianova, 2010, p. 119).

The Russian Muslims, however, are unequal either. Differences can be observed between the Muslims of the Volga-Urals region, of the North-West and of the North-East Caucasus. The differences can be ascribed to the divergent forms of Islamization, the influence of Russian culture and institutions and prevalent forms of societal organization. However, differences exist even between the Muslims of a certain region, for example regarding the adherence to different Islamic legal dogmatic schools (Hanifite, Shafi’ite, Maliki and Hanbali in Sunni Islam, which is followed in most parts of the North Caucasus).

Islam came to the North-East Caucasus in the seventh century and reached the Volga-Urals in the seventh and eighth century. The North-West Caucasus, however, was only islamized in the 17<sup>th</sup> and 18<sup>th</sup> century (Yemelianova, 2010a,b).

Hence, since the 7<sup>th</sup> century, Islam was a formative and characterizing force of the North-East Caucasus. The resistance towards Russian expansionism, however, differed within the region. Chechnya, for example, always exhibited a strong anti-Russian opposition. In the 19<sup>th</sup> century, finally, the whole Caucasus belonged to the Russian empire, while certain parts had been occupied before. The Russian state did not interfere much with the prevalent social and institutional structures. Hence, the societal structure, based on clan and family ties, and the particular informal rules and laws, sometimes operating according to local sharia law, remained intact. Local norms and customs and a form of Islam that incorporated traditional, pre-Islamic and superstitious elements were the essential elements of social life. A hierarchic societal structure based on family or clan membership as well as on customary law replaced an official government bureaucracy (Yemelianova, 2010a,c). Sometimes it is argued that Russia’s rare interference in the internal affairs of the North Caucasus and the non-implementation of Russian

institutions is responsible for the region's different development compared to the Volga-Urals. Both are mainly Muslim regions that have been Islamized between the seventh and eighth century. Hence, both regions have an Islamic tradition regarding the societal and institutional development. But today, the Volga-Urals is one of the economically most developed regions in Russia. However, in the Volga-Urals, Russian institutions were much more prevalent within the political, bureaucratic and societal environment for a long time. The Russian expansion of the late 16<sup>th</sup> century provoked a counter-reaction and reinforced local traditions and customs, including Islamic traditions and the region-specific 'Tatar Islam'. But the Russian interference in daily life was stronger than in the North Caucasus. Therefore, the Muslims of the Volga-Urals partly implemented Russian bureaucratic and political structures while in the North Caucasus, the interference was much less and hence, pre-Russian structures persisted (Yemelianova, 2010b).

The Bolshevik Revolution of 1917 hit the Russian Muslims hard. Mosques, madrasas, Islamic institutions, Islamic literature and its publication were forbidden and religious buildings and infrastructure destroyed. Muslims, and in general believers, were not allowed to practise most of the religious rituals. For example, it was forbidden to travel to Mecca to participate at the annual hajj. Islamic clerics and intellectuals were persecuted, arrested and deported; thousands of them left the country. Official Islamic education was not feasible in the Soviet Union since the teachers were forced out. Unofficial education was conducted in the underground by uneducated local mullahs and imams with mere religious knowledge. Therewith, the high intellectual and theological form of Islam got lost. Sufism and its mystical elements and ceremonies were forced to lead a secret existence. But since Islam incorporated a religious and an identifying component, it could not be completely erased.

During the Soviet period, the suppression of certain parts of the population depended on the group's or clan's history and former connections. Those that were disadvantaged before were severely suppressed in the Soviet Union and those that had been loyal to the central government were treated superior but only as long as Moscow was further supported. The Soviet policy, however, strengthened the traditional clan structure in the North Caucasus. Moscow was seen as an alien entity and the attitude towards the central government differed between acceptance (for example in parts of the Volga-Urals and the North-West Caucasus) and complete rejection (in most regions of the North-East Caucasus and partly the North-West Caucasus). Clan solidarity increased and the prevalent societal structures and forms of social organization gained more

relevance. Therefore, the discrepancies between the central government and the regions of the North Caucasus widened.

The alphabet was changed two times, first from Arabic to Latin (1920s) and then from Latin to Cyrillic (1930s), leaving the people cut-off from their literary tradition. Russian became the language of higher education (Sagramoso & Yemelianova, 2010).

During the Second World War the Soviets' relaxed their atheist policy to gather their own population's support. Certain ethnic groups, however, were under suspicion to back the Germans or were accused for other crimes and were deported to Siberia or places in Central Asia. Many parts of the Caucasian population were affected. For example, in 1943 more than 63,000 Karachay were deported and in 1944 500,000 Chechens and Ingush followed, as well as 37,000 Balkars and many more (Coene, 2012, p. 137). The territories of the deported populations were split between other administrative units. This caused new tensions when many years later some of the deportees were allowed to return home (Coene, 2010). According to Yemelianova (2010b, p. 24), the deportations decreased the Chechen population by one third.

In the 1950s, religious oppression increased again, while in the 1960s the regime started to loosen its strict policy. It was assumed that the Soviet policy had achieved its goal and that the population was not susceptible to religion anymore. The so-called 'Soviet Islam' was even invented and supported by the regime. Of course it was in accordance with Soviet principles. 'Soviet Islam' generated official imams whose religious knowledge was very constrained and indoctrinated by the Soviet ideology. The relevant personnel was uncritical to Moscow. Soon after, they were suspected to be part of the corrupt bureaucratic structure penetrating the whole Union. However, the plan did not work out and religious feelings were not completely eliminated. The North Caucasus has always been a relatively poor region with the corresponding socio-economic problems. People were merely literate and in general badly educated, living standards and life expectancy were low, and access to health care was constrained. The patriarchal societal system, the tribal structures and the corresponding forms of societal organization had changed little for centuries.<sup>††</sup> The liberalization of the regime's religious policy, events like the Russo-Afghan war and the Soviet defeat in 1988, but also the bad socio-economic conditions led to an increasing interest in Islam since the late 1970s and 1980s, especially among young people.

The indigenous increase in interest in Islam met an equally rising interest from foreign Islamic organizations. With the foreign interest came Wahhabism or Salafism to the North Caucasus

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<sup>††</sup> In part socio-economic conditions improved in the Soviet Union. For example, illiteracy decreased significantly, diseases were eliminated and female emancipation was advanced. However, in the North Caucasus, as elsewhere, the improvements were straightforward and large parts of its population suffered under the Soviet regime.

and the Volga-Urals. In this context, Wahhabism and Salafism are often used as synonymous, which is incorrect, although there are many similarities. Salafism is a movement that regards the first three Muslim generations as the role model for all following Muslims. Accordingly, Islam should be practiced in the way Muhammad and his companions did. The three generations succeeding Muhammad still followed the exact way of Islam, this is how it is written and told. Accordingly, the fundamental sources for believers are the Quran and the Sunnah. Salafism rejects modern achievements as well as Western ideologies and concepts. An Islamic state, hence, a theocracy, incorporating a legal system according to Islamic law or the sharia, is the only possible form of a state. Today, at least in the Western literature, Salafism is related to violent jihad against non-believers and Muslims not adhering to the true form of Islam. Therefore, the term “Salafi-Jihadis” emerged. Salafi-Jihadis are adherents of Salafism waging a violent jihad against Muslims and non-Muslims, civilians, governmental structures and bureaucracies.

Wahhabism is ascribed to the ideology of Muhammad ibn Abd al-Wahhab (1703-1792). It depicts a very conservative form of Islam, emphasising the unity of God and strict adherence to the original statements and to the Prophet’s way of life. Wahhabism rejects modernity and any interpretation of the Quran. Despite commonalities, Wahhabism can rather be described as a sub-form or part of Salafism. Salafis, however, generally refuse the term “Wahhabi”.

Often, the literature on Islam in Russia uses both expressions synonymously. Wahhabism and Salafism then describe a very conservative form of Islam practised, for example, in Saudi Arabia, including the application of violence against Muslims who do not adhere to the “pure” form of Islam, and non-Muslims. However, even the Russian government is struggling with the right definition and uses the term “Wahhabism” very broadly and not always in the right context.

The current article, however, uses the term Wahhabism to describe the radical and violent form of Islam penetrating the North Caucasus at least since the collapse of the Soviet Union. The author is aware of the fact that the usage of the terms – Wahhabism and Salafism – is disputable. The radical and violent movement that should be described within the current context, however, is usually denoted Wahhabism or Salafism in the relevant literature.<sup>‡‡</sup>

Wahhabism, however, started to penetrate the North Caucasus in the 1980s. With Gorbachev’s policy of perestroika a new law was passed in October 1990 that legalized most religious activities and afforded freedom of conscience (Yemelianova, 2010b). At least the law on

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<sup>‡‡</sup> See, for example: Akaev (2010), Coene (2010), Halbach (2001), Khanbabaev (2010), Sagramoso & Yemelianova (2010), Yemelianova (2010b).

religious freedom and other steps of liberalisation introduced by the Gorbachev-regime cleared the way for a religious revival and for foreign religious influence. Islamic organisations from Saudi Arabia, Pakistan, Kuwait, the UAE, Syria, Afghanistan, Turkey, Malaysia, but also from the USA and Europe and other countries sent money and personal in large quantities. The foreign Islamic influence met an increasing indigenous interest in Islam. Domestic reasons for the Islamic revival were the ideological but also the structural vacuum that was left after the breakup of the Soviet Union, the bad and even deteriorating socio-economic indicators and the inability of the new Russian state to generate clear rules and structures, like the rule of law. Furthermore, the knowledge of Islam was rather constrained among the Muslim parts of the population in the North Caucasus and people could easily be influenced.

Economically, the situation worsened after the breakup of the Soviet Union. The so-called valley of tears describes the deterioration in average per capita incomes on the territory of the Soviet Union in the 1990s. The North Caucasus, which was one of the poorest regions of the Soviet Union, suffered even more after the breakup. Mass-unemployment was caused by the shutdown of military-industrial enterprises and other Soviet industrial firms. Federal subsidies were suddenly cancelled. This resulted in the impoverishment of large parts of the population. Additionally, after 1991, Soviet Muslims were suddenly cut-off from their co-religionists and found themselves being inhabitants of newly independent states like Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan or Uzbekistan, or as members of the federal subjects of the Russian Federation. The division of regional units during Soviet times already clashed with real ethnic borders and sensitivities. This can be seen by means of structural compositions like Kabardino-Balkaria (Halbach, 2001). Displacement and forced resettlement, however, were the order of the day since Russia first set a foot in the North Caucasus. During World War II, whole populations were deported. These actions did not improve the relationships between the many ethnicities of the North Caucasus and the resulting tensions continue today. The displacements and the redrawing of borders after the breakup of the Soviet Union, regardless of ethnic structures, led to recurring struggles between ethnicities and clans in the new states or federal subjects. Additionally, the Soviet hierarchy suddenly disintegrated. The social networks and the strong ethnic clan and family ties that had always been relevant in the North Caucasus became even more important. Hence, traditional forms of societal organisation were strengthened and gained more relevance instead of giving way to more modern forms of society. The ideological vacuum that was left after the Soviet Union had disappeared could easily be filled with Islamic contents, since the North Caucasian Muslims did not know much about Islam and practised their religion according to traditional and customary norms. Along with the dissolution of state

structures, the economic decline and the impoverishment of the population came criminal activities like drug trafficking and arms sales. The new regional governments and bureaucracies were corrupt and often involved in illegal activities.

It can be stated that, in the North Caucasus and the Volga-Urals, at least since the end of the Soviet Union, an Islamic revival is observable. This revival is accompanied by foreign financial, ideological and personal support. Without the particular donors, the Islamic flourishing would have been impossible in this way. Wahhabi ideology was propagated and met an increasing indigenous interest in Islam. The interest resulted from the bad socio-economic situation, the ideological and institutional vacuum left by the Soviet Union and the inability of the Russian state to implement the rule of law and an according institutional environment. Especially young, unemployed males without any future prospects saw a rational alternative in what the foreign Muslim tutors propagated. The Wahhabi jamaats (the Islamist communities) led the bad socio-economic situation back to the deviation from the right path of pure Islam. They were the only ones that addressed the socio-economic problems and accused the official authorities of corruption and crime. Therefore, they seemed to offer an alternative to the current miserable state, at least for the disillusioned youth. Additionally, financial incentives played a role, since some new recruits achieved a monthly assistance of US\$ 100-200, an impressive sum for those peoples (Akaev, 2010). The majority of the North Caucasian population, however, did not support the Wahhabis. They were used to their century-old traditions and forms of societal organisation, incorporating Sufism with all its mystical and superstitious elements. The mixture of Islam with local norms and customs and certain societal norms – for example the respect and adoration for the oldest members of a community – was a thorn in the flesh of the Salafis. Therefore, tensions, resulting in armed conflicts, emerged between Sufis and Salafis. Still, the struggles of the North Caucasus cannot solely be traced back on religious matters. Efforts to achieve independence from Russia and ethnic tensions that had nothing to do with religious or independence matters persisted and caused trouble. Religion, however, was exploited in many ways.

#### **4. Chechnya and other regions**

The Chechen struggle started as a separation movement. After the breakup of the Soviet Union, Chechnya was quasi-independent, but its status as an independent country was not acknowledged by most states, including, of course, Russia. Since Chechnya has been an Islamic



region for centuries the predominant form of Islam (Sufism and Islam as ethnic identity) plays a formative role. The radical Islamic component, however, that was decisive for the region's subsequent history, was introduced from the outside. The Chechens were Sufis and had no contact to other forms of Islam. They wanted to maintain their long-established forms of societal organization, including family- and clan-hierarchies and the traditional, ritual form of Islam. Wahhabism and the accompanying jihadi-component were introduced by the foreign Islamic donors and missionaries. Without its external introduction, radical violent Islam would not play a decisive role in the region.

The first Chechen War (1994-1996) started as a Chechen separation movement, but its outcome, the Russian defeat and quasi-independence of Chechnya, was partly the result of external Islamic interference. Financial and operational assistance, the implementation of training camps, the ideological and military education and the influx of Afghani veterans and other foreign jihadists drove the events.

After the first Chechen War, however, Islam was utilized by the many different fractions. Chechen president Aslan Maskhadov, who generally opposed the Wahhabis, used Islamic rhetoric and partly adjusted to the Islamist opposition in order to consolidate power and legitimacy. The Wahhabis accused the prevalent politicians and bureaucrats of corruption and offered pure Islam as an alternative, which could only be achieved with the implementation of an Islamic state and therewith sharia law. The societal structure in Chechnya, however, was far more fragmented. Warlords, clan-elders, Salafi-Jihadis, traditional Muslim clerics and so on opposed each other, the official government or/and the Wahhabis. Certain persons like, for example, Shamil Basaev, Salman Raduyev, Arbi Barayev or the former Afghani veteran Ibn al-Khattab were able to unite some clans or villages behind them. Hence, local rulers were in control of particular regions, but they could not achieve a nation-wide backing. Additionally, tensions existed between clans and tribes that had nothing to do with religious matters or separation efforts. Official authority is traditionally not respected in the region and the clans and tribes continued to obey to their own hierarchies and customary law. The confusing structures resulted in the weakness of a corrupt Chechen government that was unable to enforce a military monopoly and to provide a basic level of social security and services. The intellectual elite had long left the chaotic region and hence, the remaining bureaucrats, politicians and personnel in public office lacked the relevant knowledge and experience.

Aslan Maskhadov, however, could not or did not want to inhibit the introduction of sharia courts in 1996. This step, however, was unpopular among most parts of the population. Traditional Muslim clerics opposed the spread of Wahhabism. The Wahhabis themselves

condemned Sufism and pleaded the implementation of pure Islam as it was practiced by the Prophet Muhammad himself and the three following generations. Because of the growing external support and their assistance in defeating the Russians in the first Chechen War, the Wahhabis' influence and power even within the Chechen government grew. Thereby, tensions between supporters of traditional Islam, Sufis, and Wahhabis increased and ended up in armed conflicts. Besides the separatist and religious conflicts, Chechnya was facing an increase of illegal activities like drug trafficking, arms sales, hostage-taking and extortion. The socio-economic situation further deteriorated and the region sank into chaos.

It can be assumed that President Maskhadov was uninformed of or at least unable to prevent the military invasion of joint Chechen and Dagestani Wahhabi forces on Dagestani territory in August 1999 (Akaev, 2010). It is usually reported that the Wahhabis' goal under the control of Shamil Basayev and Ibn al-Khattab was to create a North Caucasian Imamate. However, there exist other versions of the incident, including that the original goal of crossing the border to Dagestan were peace negotiations as well as stories introducing Russian oligarchs, intelligence services and the Kremlin (Akaev, 2010, pp. 74-75). At least it seems obvious that the military intervention served the interests of quite a few people, for example Vladimir Putin's. While the first Chechen War was indicated a separation war, the Russian intervention in 1999 was declared to be an antiterrorist operation and it was directly related to the radical Islamic movement in Chechnya. For several reasons, the Russian government decided to run the military campaign which became known as the second Chechen war. Russia had to prevent the expansion of Islamic radicalism in the North Caucasus but also in other parts of the Federation. The violent extremists did not constrain their operations on the Caucasian territory but expanded them on other Russian federal subjects and cities, for example Moscow. Furthermore, after the defeats in the Russo-Afghan war and in the first Chechen war, the Russian army wanted to demonstrate its force and its will to fight extremism. Besides, the war supported Vladimir Putin's presidential campaign, representing him as a strong and assertive president and leader. And of course, the Russian government could not afford to loose control over the resource-rich territories surrounding the Caspian Sea.

However, the realization of the so-declared anti-terrorist campaign was highly questionable. The harsh Russian military actions resulted in thousands of dead civilians, hundreds of thousands displaced persons and the destruction of homes, villages and infrastructure. For the Chechens, it felt not like a military campaign against the extremists, but like a war against the Chechen population.

Regarding its goal to stem Islamic radicalism, the Russian intervention was only partly successful. The war left Chechnya devastated and withdrew the population's last economic basis. Lack of prospects, unemployment, low and decreasing living standards and, of course, hate against the interventionists drove especially parts of the young population into the arms of the Islamic radicals. Therefore, radical ideas and ideologies further circulated. Still, the attempt to stem the Wahhabi influence was partly successful. An important step was to constrain foreign Islamic funding which indeed decreased significantly during the 2000s. Furthermore, the Chechen society was still not convinced by the Wahhabi principles and preferred the traditional form of Sufi Islam, being accompanied by the century-old forms of societal life and organisation. Additionally, the Wahhabi forces themselves had partly fallen out and were involved in internal conflicts. But still all these facts did not completely eradicate the radical Wahhabi ideology, especially not since the bad socio-economic conditions continued. Therefore, the Russian government implemented a pro-Moscow government in Chechnya and therewith invented targeted killings of Islamists and the policy of *zachistki* (Nichols, 2010). *Zachistki* describes a military or police operation, where the forces target a certain person or group of suspicious people. Usually, the target's house or village is surrounded by the invaders and then the relevant objects are eliminated. This method, however, is accompanied by a lot of civilian victims and causes far-reaching destruction, since often houses of innocents and infrastructure are destroyed. Furthermore, the Russian government utilizes the societal structures and traditions of the Chechens since not only the offenders themselves are affected but also their families. Hence, if a person is under suspicion of being a terrorist, the family or relatives are punished. That is, houses of family-members are burned and the persons themselves are beaten, carried off or even killed. This rude practice was not accompanied by far-reaching support from the Chechen population. On the contrary, the consequences are often counterproductive and drive especially young people into the arms of extremists. Furthermore, the Russian government does not differentiate between people who are willing to fight a violent jihad against the Russian state and non-believers and usual Muslims. Often peaceful believers are affected by the policies, since religious practices can suffice to be considered suspect. Sometimes marginal deviations from the local traditional lifestyle or "exuberant" religious behaviour make a person suspicious. For example, praying five times a day or unusual attendance at the mosque can result in violent actions against the suspicious individual or its relatives.

Moscow realized that the approaches are somewhat counterproductive and do not solve the region's socio-economic problems. Therefore, in 2010, President Medvedev presented an

official strategy for the socio-economic development of the North Caucasus until 2025 (Nichol, 2010). Earlier on Russia started to support the pro-Moscow Chechen government financially. The reconstruction of Grosny, which was almost completely destroyed, can be traced back to the Russian assistance. Further Russian financial aid is observable at different occasions. In 2014, for example, the Olympic Winter Games will take place in Sochi at the Caucasian Black Sea coast and imply massive investment, especially in infrastructure, in the region.

However, financial aid alone will not solve the structural and political mistakes that were made. The Russian anti-terrorist operations indeed led to a decrease of terrorist attacks in Chechnya. However, since the mid-2000s, terrorist activities significantly increased in Dagestan and Ingushetia, what indicates a mere shift of the actions. Besides, further attacks on Russian territory, apart from the North Caucasus, were conducted (Nichol, 2010).

In *Ingushetia*, the responsible authorities took early steps to inhibit the diffusion of Wahhabi ideology. An important factor was the close cooperation between the Sufi leaders and the Ingush government authorities in the 1990s. Already in 1998 the Ingush Parliament passed a law that banned Wahhabi activities from the territory of Ingushetia (Akaev, 2010). Since 2007, however, there have been significantly more terrorist attacks, killings and hijackings. In 2009, Ingushetia experienced 436 violent incidents compared to 452 in Chechnya (Nichol, 2010, referring to data from the Open Source Center). Ingushetia, however, is not only the setting for Wahhabi-Sufi conflicts, but also for ethnic tensions. During the Soviet period, large parts of today's Chechnya and Ingushetia were joined together as Chechen-Ingush Autonomous Soviet Socialist Republic. In 1992, the territory was split into the Republic of Ingushetia and the Chechen Republic. There still exist conflicts concerning border demarcations. Furthermore, Ingush-Ossetian tensions persist. The appointment of Yunus-Bek Yevkuruv as Ingush president in 2008 gives reason to hope that the situation can be stabilized. Terrorist attacks and police operations decreased since 2010 and the region calmed down a bit.

Wahhabism began to spread in *Dagestan* since the 1980s and after the collapse of the Soviet Union the region exhibited a strong religious revival. Most Dagestanis were traditionalists and opposed Wahhabi teachings and ideology. However, especially the younger generation that suffered from economic repression and lack of prospects was open to radical ideas. The Wahhabi movement also benefitted from strong foreign financial aid and missionaries sent to Dagestan. According to Khanbabaev, in the early 1990s, Dagestan was covered by foreign Islamic Organizations providing "financial and methodological assistance to various local

Islamic groups of a fundamentalist nature” (Khanbabaev, 2010, p. 102). Beginning in 1999 official authorities curtailed the influence of foreign Islamic donors significantly. After the drastic steps by the Russian government in Chechnya, it can be assumed that some of the local extremists passed the border to Dagestan. Terrorist attacks, police and military operations and other violent incidents are still the order of the day in Dagestan. Beside Islamist extremism, organized crime and corruption continue to spread in the Republic, placing Dagestan at the top regarding violent incidents in the North Caucasus (Nichol, 2010).

The North-West Caucasus (NWC) exhibited a different development regarding Islamization. The mass Islamization of the region took place in the 17<sup>th</sup> and 18<sup>th</sup> centuries by Crimean and Ottoman missionaries (Sagramoso & Yemelianova, 2010). Most of the Muslims of the NWC adhere to Sunni Islam of the Hanafi madhhab; compared to the Shafi'i madhhab in the North-East Caucasus (NEC). Sufism is hardly prevalent in the region. However, local customary norms and traditions kept on playing a major role regarding coexistence and societal life, while Islam and its rules were considered less important. Since the 15<sup>th</sup> century, the region was exposed to different and conflicting invaders like the Ottomans, Iranians, Crimeans and the Russians. In the second half of the 18<sup>th</sup> century Russia could enforce its rule over the whole Caucasus. In 1921 the Soviet Mountain Republic was established. It incorporated today's Chechnya, Ingushetia, Ossetia, Kabardino-Balkaria and Karachay-Cherkessia while Dagestan depicted an independent Soviet Republic. In 1924 the Soviet Mountain Republic was dissolved and six autonomous regions were established instead: Karachay-Cherkessia, Kabardino-Balkaria, Adygea, Chechnya, Ingushetia and North Ossetia. Hence, peoples of different ethnicities and languages were arbitrarily combined in previously non-existent entities, like the Kabardinians and the Balkars or the Cherkess and the Karachais (Sagramoso & Yemelianova, 2010, p. 117). In the Soviet period the administrative units were modified several times. During World War II the Balkars and Karachais were deported to places in Central Asia. In the 1950s they were allowed to return home and found their original places settled by other folks. Again, the territories were adjusted. Additionally, some parts of the population were treated preferentially by the Soviets, for example the Kabardinians and the Cherkess in certain territories, while others were repressed. The resulting ethnic tensions, however, remain today. The North-West Caucasians were ethnic but not practicing Muslims, even more so than the North-East Caucasians. Furthermore, the immigration of Russians and other Slavic people increased the share of Orthodox Christians within the population (Sagramoso & Yemelianova, 2010, pp. 117-118).

The Islamic revival and the emergence of radical Islam behaved slightly different compared to the NEC. This is due to several specific factors on hand in the NWC. Due to the multi-ethnic character and the lower quantity of Muslim population, the Islamic revival in Karachay-Cherkessia, Kabardino-Balkaria and Adygea after the breakup of the Soviet Union was not as strong as in the NEC. Furthermore, the North-West Caucasian Muslims were not as religious. Due to the late Islamization of the NWC the region had always been inhabited by other religiosities, too, especially Orthodox Christians who represent the majority in parts of the NWC. Hence, Islam was not as deeply rooted in the region's cultural and societal history. Furthermore, the different periods of Islamization led to the adoption of different legal Islamic schools. The NWC adopted the Hanafi school, which seems to be more flexible than the Shafi'i school of the NEC. In the NWC, ethno-nationalism played a major role and forces opposing the Russian central government or regional authorities were usually rooted in ethnic-nationalism movements. Hence, Islamic parties and organizations did not depict the major political opposition.

However, the low level of knowledge on Islam and the economic misery that was partly attributed to the corrupt bureaucracies and authorities facilitated the diffusion of radical Wahhabi ideas. Furthermore, the wars in Chechnya had a radicalising effect especially on the young and better educated Muslims in the region. However, the regional governments of NWC fought massively against the diffusion of radical violent ideas. At any rate, radical Islamic groups existed in the underground and most of them were connected with Chechen rebel groups. Terrorists from the North-West Caucasian republics were being accused of participating in terrorist attacks in Russia. But still the radical Islamic threat is less present in the NWC than in the NEC (Sagramoso & Yemelianova, 2010).

## **5. Is Islam responsible?**

Islam in the North Caucasus takes on very different forms. To discuss the religious influence, it must be differentiated between Islam as it is practiced for centuries and between radical Wahhabi or Salafi tendencies that spread in the region since the breakup of the Soviet Union. The North Caucasian form of Sufi-Islam is not responsible for the economic stagnation. The more relevant factor is the form of societal organization. Caucasian societies are still shaped by patriarchal structures and by clan and tribal ties that have barely been modified for centuries. The clans or tribal communities act self-responsible regarding social order and government. The oldest members are the most respected and important decisions are usually taken by them. The

clan's moral and customs are irrevocable and the community is highly honoured by every member. If an individual misbehaves the clan's honour is spoiled, and an assault against one of its members is seen as an affront against all. A clan has a high prestige when its members are courageous and behave strictly to their ethical rules. Examples are the so-called teips (tribal communities) of the Chechens and the Ingush (Coene, 2010). Loyalty and helpfulness but also strong tensions can persist between the clans. In socio-economic terms, the form of societal organization can be described as "limited morality" (Dobler, 2011; Platteau, 2000). The term depicts a traditional form of societal organisation where the membership to a certain clan, tribe or family is considered most important and determines a person's fate. The societal groups are structured hierarchically and individualism is rated less important. The value system emphasises "independence, physical strength, courage, self-sufficiency, and high individual ideas of honour [and demands] [...] strict loyalty to family and clan" (Zürcher, 2007, p. 13). The clan depicts the societal basis, incorporating an informal rule structure. Loyalty to the clan, honour and responsibility are fundamental. The family or clan oldest are especially honoured and respected. The patriarch has the final say and can override rules and conventions. Often, governmental structures are considered less important or are ignored in favour of local informal rules of conduct. Trust in official authorities, but also in members of other groups (clans, tribes, families) is usually low. Therefore, cooperation with other groups rarely occurs. From an economic point of view, low levels of trust and cooperation induce low levels of economic growth, since business takes place only within the particular group but not with members of other groups. Hence, the quantity of possible business partners and of businesses themselves is constrained. Furthermore, traditional forms of societal organisation are usually accompanied by other growth hampering factors. In traditional societies, for example, women often do not participate in the labour market. The birth rate is high and young adults marry within the village or region of their birth, care for their parents or older family members and take over the agricultural work. Educational levels are usually low. People are agricultural self-supporters and do not participate in a modern professional life. Therefore, social mobility is rare. Hence, regarding the North Caucasus, it can be assessed that the traditionally practiced form of Islam is not hindering to socio-economic development per se. It is the form of societal organization that does not correspond to a modern, individual, highly educated and economically efficient society (generalised morality) instead. As good as the form of self-organisation and self-governance has worked for many centuries – it definitely helped the tribes and clans of the Caucasus to survive and to persist against other powerful forces – it cannot be combined with a modern-style economic and political order.

Furthermore, the multi-ethnic environment involves the risk of permanent instability, as is the case in many parts of the Caucasus. Instability of any kind inhibits economic development, since capital will merely be invested in a region with a high risk of default. In the North Caucasus, conflicts not only exist between Caucasian separatists and Russians. The tensions, for example, involve Ingush and Ossetians, Cherkess and Karachay, Akkin-Chechens and Laks, Balkars, Kabardins, Dargins, Avars, Kumyks and many more (Coene, 2010; Zürcher, 2007). Many of these conflicts can be traced back on the political and federal structures created by the Soviets and Russians, that ignored the complicated Caucasian ethnogram. Administrative units were generated regardless of the ethnic composition. Some communities were split, others were granted autonomy, several were disadvantaged and even deported. Forced resettlements and deportations of whole populations worsened the relationships between many groups. When some ethnic groups were allowed to return to their homelands, they found it settled by others or split by new borders. Problems flared up after the breakup of the Soviet Union, when suddenly independent states and new federal subjects emerged. The ethnic tensions in the North Caucasus continue today. Also religion is often indicated as a reason for ethnic tensions, this is not true. Most of the conflicts in the Caucasus (not only in the North) have other origins and religion is exploited if it plays a role at all.

Therefore, the religious component should not be overestimated, since it is by far not the only source of instability and conflict. However, radical Islam and therewith violent jihad, incorporating terrorist attacks and violent incidents in the North Caucasus, had a significant influence on the region's history of the last twenty years. The Islamic revival, however, was strongly supported by foreign donors and missionaries. Externally introduced Wahhabi ideology spread in all North Caucasian republics. Terror attacks and violent incidents became the order of the day in the region, also Chechnya, Dagestan and lately Ingushetia were hit particularly hard. The governmental campaign against Wahhabism indeed constrained the foreign financial Islamist support. However, the local Islamist groups developed self-financing strategies that included criminal activities, especially hijacking, ransom demand and extortion. This and the general unmanageable and instable situation attracted international crime like drug trafficking and illegal arms sales. Hence, parts of the region became almost ungovernable and sank into chaos, for example Chechnya until the mid-2000s, afterwards Ingushetia and currently Dagestan. Thus, although foreign-introduced radical Islamist ideologies could not gain foothold in the population, they were able to cause instability and to attract further criminal activities. There would have been conflicts in the North Caucasus without the introduction of Wahhabism and violent jihadist ideas. But the diffusion of radical Islam triggered several important



incidents that further harmed the region. Separation efforts were mingled up with jihadist ideology; Islam was exploited and used as an instrument to achieve political goals. In return, radical Islam justified the harsh Russian intervention in Chechnya and the taking of drastic measures in other regions. Hence, violent Islamic ideology is not the only source of conflict in the region. But its strong presence since the collapse of the Soviet Union influenced the Caucasus' recent history. However, its impact rather seems to affect political strategies and nationwide policies than the North Caucasian society. The North Caucasians are impacted through harsh interventions by the Russians or the particular regional government. Furthermore, they suffer from the continuing economic decline. But the ideological influence of jihadist ideas seems to be restricted to young, unemployed men without prospects, to whom the violent Islamic agenda appears as sole alternative.

The instability generated by radical ideologies and violent jihad has severe impacts on the region. A chaotic and unmanageable place, as depicted by the North Caucasus, at least partly over the last twenty years, attracts all forms of international crime, illegal activity and violence. Therefore, economic development is almost impossible. The implementation of an industrial structure that would be able to generate jobs and income necessitates secure and manageable production possibilities, calculable costs, infrastructure and educated and skilled labour. Furthermore a banking sector and a financial market structure are necessary to channel the capital. All these prerequisites cannot be provided in a political unstable, war torn and physically insecure environment.

At any rate, the North Caucasus' situation is not only determined by ethnic heterogeneity and Islamic influence. Instead, a mixture of interrelated factors is responsible. It ends up in a widespread and deeply rooted network of corruption and nepotism. Bureaucracies and authorities on all regional and governmental levels, including the local police, majors of villages, peoples in offices, local politicians and jurists, business people, criminals, the military and central governmental bureaucrats and politicians are deeply involved in a network of corruption and crime. The economic exploitation of the region, especially regarding its natural resources, lies in the hands of influential clan or family leaders who are part of the corrupt system. The economic gains are divided between the clan leaders and corrupt bureaucrats and politicians. Often, illegal activities are involved in one way or the other. That is to say, many interest groups are not interested in stabilizing the region. They want to keep on running the shadow and criminal economies in the Caucasus and they are supported by the many unsettled conflicts (Coene, 2010).

The enduring inability of the Russian state to generate clear and effective rules regulating the political, legal and economic spheres depicts another major factor responsible for the bad economic and generally chaotic situation in the North Caucasus. The breakup of the Soviet Union left an institutional vacuum and until now the Russian state was unable to fill it. A rule of law that clearly determines the government's and the citizen's rights and obligations is essential for the functioning of every state. Furthermore, the rule of law incorporates an independent third party, the judiciary, enforcing the law, so that both sides, citizens and state, can rely on it. The Russian patriarchal system works contrary to the idea of the rule of law. This is the case since in Russian history, there has always been a patriarch able to override and ignore the rules if it was in his interest. The patriarchal system in Russia can historically be observed on all levels, from the family to the clan to landowners, bureaucrats and at least the head of the state. Of course such a system is penetrated by corruption, since the rules that are finally applied depend on the preferences of the patriarch. Furthermore, it is known that the rules are not really effective. Hence, they can be applied or not, depending on the goodwill of the leader. Therefore, if somebody wants a rule not to be applied, he or she can try to influence the preferences of the patriarch. Alternatively, since the rules cannot be relied on, individuals can just ignore them and live with the risk of subjective punishment which is always present, independent of the rules. The people of the North Caucasus have learned to live with this situation for centuries or even longer. They were exposed to different external influences and organized their societal life themselves. A combination of clan-based ethical rules, customary law, local codes of conduct, norms and traditions replaced a central governmental set of institutions. Therefore, the Soviet's or the Russian state's laws never really reached the mountain regions of the Caucasus. This makes it yet more difficult for Russia to implement clear and enforceable, rule-of-law-kind formal rules and structures in the region. However, Moscow not even tries to do so. Weak governance on the central-governmental as well as on the federal levels inhibits a socio-economic development that would finally improve the living conditions and the environment for investments and businesses.

The rule of law would determine clear responsibility, for example between the central and the regional governments. It would set a legal framework defining the rules of political, economic and societal life. Since the rules would be enforced by an independent third party, all parties concerned would have to adhere to them, the president of the state as well as the policeman or the civilian. This fact would create secure and stable conditions that allow an investor to calculate his wins and losses accurately. In the best case, the rule set should, besides providing stability, attract investors with free market institutions. Political and economic stability and an

attractive investment environment generate jobs and incomes. A corresponding legal system also imposes rules on the central and regional governments and prohibits and punishes corruption and crime. To implement such a system in a state penetrated by corruption and illegal activity is a difficult task. Since all levels of bureaucracy and authority participate in the corrupt system, there is no will to enforce the rule of law since then the government and the powerful parties would have to restrict themselves.

Instead, the Russian government tries to stabilize the North Caucasus in other ways. One strategy is the tough course of action against Islamic radicals. The pros and cons of this approach have already been discussed. Also violent incidents decreased in Chechnya (where they are still on a high level), whereas they increased in Ingushetia and Dagestan. In general, it can be supposed that the violent and unjustified course constantly breeds new violent separatists and Islamic jihadists. The other strategy is to implement pro-Moscow governments in the North Caucasian republics and to provide financial support to rebuild the economies. However, the fact that the Russian state is one of the only investors in the region, and that the few private investors are in one way or the other connected to the state demonstrates that independent private investors are not interested.

The Russian approach, however, might incorporate some improvements, as the reconstruction of Grosny shows, but it does not result in sustainable economic development. Enhancements in the population's living standards might not solve ethnic tensions, separation efforts, Soviet legacies and issues arising from struggles between tradition and modernity. But higher living standards might shift preferences away from traditional areas of tension. Poverty instead results in frustration and sensitivity for radical ideas. An increase in incomes and therewith living standards moves incentives and preferences. Usually economic development and rising per capita incomes are accompanied by higher educational standards that allow a more differentiating view. Hence, economic development might stabilize the region. But since there are so many destabilizing forces and factors at work in the North Caucasus, the theory of economic development and its positive impact on social and political stability remains controversial. Anyway, economic growth necessitates a certain level of stability, resulting from an adequate institutional environment. This is currently out of sight.

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